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ABSTRACT

This compilation of the oversight hearings of the ninety-sixth congress on federally funded child nutrition programs contains testimonies concerning the possible impact on these programs of a proposed reduction in federal spending for the fiscal year 1980. It was proposed that a reduction in spending be met through legislative changes in existing law. The hearings were conducted before the Subcommittee on Elementary, Secondary, and Vocational Education of the Committee on Education and Labor in the House of Representatives. (Author/SS)

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OVERSIGHT HEARINGS ON THE CHILD NUTRITION PROGRAMS

HEARINGS

BEFORE THE

SUBCOMMITTEE ON ELEMENTARY, SECONDARY,
AND VOCATIONAL EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

FIRST SESSION

HEARINGS HELD IN WASHINGTON, D.C., ON
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OVERSIGHT HEARINGS ON THE CHILD NUTRITION PROGRAMS

Administration's 1980 Budget of Child Nutrition Programs

TUESDAY, MARCH 13, 1979

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to call, at 9:25 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Ford, Miller, Kildee, Williams, Kogovsek, Goodling, Buchanan, Erdahl, and Hinson.

Staff present: John F. Jennings, majority counsel; Charles Radcliffe, minority counsel.

Chairman **Perkins**. The committee will come to order. A quorum is present.

On behalf of the members of the Subcommittee on Elementary, Secondary, and Vocational Education, I want to take this opportunity to welcome all of you here today for an oversight hearing on the President's proposed budget for the child nutrition programs for fiscal year 1980.

We are honored to have as a spokesperson for the administration. Ms. Carol Tucker Foreman, Assistant Secretary for Food and Consumer Services for the Department of Agriculture.

Ms. Foreman will be joined on a panel by Mr. Henry Eschwege, Director of Community and Economic Division of the General Accounting Office and by representatives of four organizations whose expertise in the field of child nutrition has been invaluable to this subcommittee during our consideration of child nutrition legislation in the past.

Ladies and gentlemen, we are looking forward to hearing all of you this morning. Perhaps we may have to ask you to summarize your statements, but we will include all of your written remarks in the record.

Before I call upon Ms. Foreman, I would first like to mention the purpose of this hearing. As you are all aware, the President is recommending that a number of legislative changes be made in the existing law in order to reduce Federal spending for child nutrition.

The Department has estimated that this savings will be in the neighborhood of $587 million, a 15-percent decrease in the Federal support of these programs. It is our purpose today to examine these legislative proposals and determine what impact they will have on the child nutrition programs.

I would like to state at this time that since the inception of the school lunch program in 1947, Congress has been firm in its commitment to the objectives of the child nutrition programs. The fact that there are some 26 million children participating in the school lunch program is a record that we are all proud of.

To my way of thinking, if we were to turn around now and legislate measures that would eliminate needy children from these programs, we would be losing the precious ground that we have worked hard for all of these years.

I am not opposed to curtailing Federal spending, but on the other hand, I am inclined to be against any legislation that may potentially undermine any Federal program that enables children to have the nourishment that they might otherwise go without.

I think that we should also keep in mind that the programs that we will be discussing today have the advantage of being entitlements. This means that unless the law is amended by Congress, the Appropriations Committee must fully fund all benefits as they are written into the law.

I think that it is important that when we consider today's testimony, we should remember that fact. We on this committee must amend the law first before the Appropriations Committee can cutback on any funding for these programs.

So with that background, I would like to turn to my distinguished colleague from Alabama, for a statement.

Mr. **Buchanan**. Thank you, Mr. Chairman.

Let me strongly associate myself with your statement and your position in this matter, and thank you for your leadership. We cannot cut back this funding. It is absolutely unacceptable that there should be malnutrition in the wealthiest country the world has ever known, and one of the most advanced. I shudder to think what would be the case with our Nation's children if we did not have these programs. I certainly hate to think what the situation would be in the United States.

We do not need to cut back from the needy to move forward, and I will join you, Mr. Chairman.

Chairman **Perkins**. Our first witness this morning is Carol Tucker Foreman, Assistant Secretary for Food and Consumer Services, Department of Agriculture.

Without objection, the statement of Ms. Foreman will be included in the record in its entirety, and you may proceed in any manner you prefer.

[The prepared statement of Carol Tucker Foreman follows:]

PREPARED STATEMENT OF CAROL TUCKER FOREMAN, ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, DEPARTMENT OF AGRICULTURE

Mr. Chairman and Members of the committee, I am pleased to be here today to discuss the 1980 budget for the Food and Nutrition Service and the Administration's proposed amendments to the child nutrition legislation.

We have, over a period of months, been reassessing the financial needs of our food assistance programs for 1980. Economic conditions are driving up the costs of the food programs. Spiraling food price inflation alone, projected to be 8-10 percent in 1980, adds over $800 million to the 1980 FNS budget. Projected increases in unemployment add further costs.

To help control inflation the Administration is determined to reduce the federal deficit. As a result, close scrutiny of all Federal programs, including our food assistance programs, is necessary. The Department conducted this reassessment with several principles in mind:

1. FNS programs are a basic life and nutritional support for millions of poor in America. Ten years ago, medical researchers and Members of Congress discovered that hunger and malnutrition were far more widespread among America's poor than had been realized.

Many national leaders have pledged to work to end hunger among America's poor. Our basic principle is not to turn the clock back on this vital work. It is true that in times of inflation few families can easily afford to lose part of a government benefit but we have attempted, where possible, to avoid reductions in basic benefits for those most in need.

2. Those programs with the most substantial nutritional impact on poor families should be supported and maintained. In particular, we should continue our strong support for the WIC program and the food stamp program. This principle underlay the President's decision to sign Public Law 95-627 and thereby set in motion major growth in the WIC program.

3. Major efforts should be made to reduce excess expenditures due to error, waste, or fraud.

With these principles in mind, the FNS budget contains over $700 million in reduced expenditures in 1980. Yet, at the same time, it protects basic benefits for the poor and expands the WIC program.

Child nutrition programs

Under existing legislation, the child nutrition programs will cost about $3.5 billion in 1980. This level of expenditure reflects the experience of the past decade, in which separate pieces of legislation expanding child nutrition programs have been enacted virtually every single year. The Administration's proposals would leave intact most of the structure created by this legislation. Four major changes would be sought:

Reimbursement for paid school lunches

The reimbursement rate for paid school lunches would be reduced by five cents. Under current legislation, this would affect families of four with incomes over $13,850 a year during the 1979-1980 school year. (When combined with other proposals we are offering, families of four with incomes over $13,210 would be affected.)

These children would still receive a federal subsidy of 27.3 cents in cash and commodities for each lunch served, plus additional State and local subsidies in most areas. Our proposal would simply set the level of federal support for these meals at 27.3 cents per lunch in 1980, instead of 32.3 cents. The reduction would be wholly in cash. There would be no diminution whatsoever in the per meal commodity support.

In fact, the Department would actually increase its commodity support. Last year, we instituted a new policy of donating "bonus" commodities to States above and beyond the commodity support levels required by law. We provided $56 million extra in commodities last year. We expect to provide $65 million extra in commodities in 1980. When averaged nationwide, this adds about another 1.5 cents to the subsidy for each school lunch, bringing the total to about 29 cents in federal support for each lunch.

The result of our proposal would likely be an increase of about a nickel in the price charged to paying students. This means that children from middle and upper income families would have to pay about $9 more per year for their lunch at school. This provision alone reduces federal expenditures by $146 million. We believe it is preferable to cutting the WIC program or reducing food stamp benefits for elderly persons, poor children, the unemployed, or others trying to survive on far less income.

Moreover, federal school meal support for these non-poor children would still continue to be over $600 million per year—certainly a substantial amount.

A question has been raised as to what impact this proposal would have on participation by paying students in the school lunch program. There have been a number of studies conducted in recent years in different parts of the country that shed light on this issue. Based on these studies, we project that 96 percent of all students now purchasing paid lunches would continue to do so, and only 4 percent would drop out of the program. The Congressional Budget Office has provided a range for its projection of the reduction in participation, and the midpoint of the range is a 4.1 percent dropout rate, almost exactly the same as ours.

We have no reason to believe that these 4 percent of the middle and upper income children who cease to purchase a school lunch would go hungry. They would generally either purchase food a la carte or bring a bag lunch from home.

Revisions in eligibility limits for free and reduced-price meals

A second change would be a modest downward revision in the eligibility standards for free and reduced price meals. Currently these income limits are 125 percent of the poverty line for free meals and 195 percent of the poverty line for reduced-price meals. We are proposing to set the free meal income limit at 100 percent of the poverty line plus a monthly standard deduction (the same level standard deduction as the food stamp program). That level is currently $65 per month. The reduced-price income limit would be set at 175 percent of poverty plus the food stamp standard deduction. The cumbersome and sledom used itemized deductions that are now part of child nutrition programs would be eliminated, thus simplifying the program.

These reductions are not drastic. In 1980, the eligibility limit for free meals would be $7,880 for a family of four instead of $8,880. The limit for a family of four for reduced price meals would be $13,210 instead of $13,850.

These modest adjustments provide a total savings of $165 million. Most of the savings come from lowering the free meal income limit. It is important to note that all children losing eligibility for free meals will qualify for reduced-price meals instead, and that most schools plan to charge only 10 cents for a reduced-price meal starting next year. The impact of our proposal would be that most children whose families are in the $7,880-$8,880 bracket would pay 10 cents a day for a lunch instead of getting it free.

Reduced-price lunch eligibility would extend up to $13,210 a year. Children from families in these income brackets would receive a federal per meal subsidy of 90 cents per lunch. By contrast, the average food stamp family with about $4,000 income receives about 30 to 35 cents per person per meal in food stamp benefits.

Some people have raised questions about the impact of the changes in eligibility levels on the other Child Nutrition Programs and WIC. School Breakfast Program participation is not expected to decline next year, despite those slight reductions in income eligibility and we are expecting major growth in the Child Care Food Program. In fact the funding level for the Child Care Food Program in 1980 is 40 percent above the amount budgeted for 1979. Unlike the other child nutrition programs, WIC has a specified amount of money to spend each year. For fiscal 1980, the Administration is requesting $750 million which is $200 million more than fiscal 1979. The only impact of the change in eligibility standards, from 195 percent of poverty to 175 percent plus a standard deduction, will be to target the program to a needier clientele. In other words, the case load will be the same, but the program will reach lower income people.

In recent testimony, the General Accounting Office generally concurred with our position that the overall impact of our proposed school lunch changes on the agricultural economy would be minimal. However, GAO raises a question about whether there might be adverse impacts on certain commodities or in certain geographic areas. We estimate that our proposals would reduce food purchases by only a few hundreths of 1 percent in aggregate, which is very, very small compared to the usual ups and downs of food markets. This tiny decrease would be nearly offset by increased food purchases generated by the expansion of WIC.

GAO's contention that certain commodity markets or certain geographic areas might suffer significantly presumes that the impacts of our proposals would not be spread relatively evenly around the country. In reality, the impacts most likely would be spread evenly. But even if they are heavily concentrated in some markets or areas more than others, the chances of significant adverse impacts are still exceedingly remote. For example, in the extremely unlikely event that all the impacts were concentrated in just one State, the State of South Dakota, the decrease in farm revenues would still be less than 3 percent of that State's total farm revenues. The same is also true for 24 other States.

Public Law 95-627 and the administration's proposal

Two further points are in order. First, Public Law 95-627 changed the method of figuring the poverty line for use in child nutrition programs. Previously, the Secretary's poverty guidelines were used. Public Law 95-627 brought these programs into line with virtually all other federal programs by prescribing use of the OMB poverty lines.

The OMB poverty line, which is scheduled to go into use in child nutrition programs on July 1, is higher for large households than the old USDA poverty line. As a result, the reductions in eligibility limits we are proposing are partially offset by the impact of implementing the OMB poverty line. The following chart shows the income limits in effect right now, the income limits that would be used if Public Law 95-627 takes effect without our proposal being enacted, and the income limits that would take effect under our proposal.

Family size	Income eligibility limits—February 1979 (125 percent)	Revised income eligibility limits (125 percent—Without administration proposal	Revised income eligibility limits with administration proposal (100 percent + standard deduction)
Free meals:			
2	5,500	5,480	5,160
4	8,110	8,130	7,280
6	10,510	10,780	9,400
8	12,690	13,430	11,520
Reduced-price meals:			
2	8,580	8,540	8,450
4	12,660	12,680	12,160
6	16,400	16,810	15,870
8	19,790	20,940	19,580

Moreover, the new income limits we are proposing would, because of the standard deductions, actually total more than 100 percent of the poverty line for free meals, and more than 175 percent of the poverty line for reduced-price meals.

Family size	Percent of poverty for free [1]	Percent of poverty for reduced [1]
2	117.8	192.9
4	112.0	187.1
6	109.0	184.1
8	107.3	182.3

[1] Includes standard deduction

Finally, the last chart shows the overall impact on eligibility for free and reduced-price meals. Under the Administration proposal, over 38 percent of all school children would still be eligible for free or reduced-price meals.

[In percent]

	Revised income eligibility limit without administration proposal	Revised income eligibility limit with administration proposal
Eligible for free meals	21.83	18.58
Eligible for reduced-price	19.96	19.72
Total	41.79	38.30

By contrast, about 12 percent of all Americans are eligible for food stamps. (Congressional Budget Office estimates of eligibles for school lunch are slightly lower than ours and estimates based on data from another survey are also somewhat lower. However, in all cases, the percentage of students eligible for free and reduced price meals is more than double the percentage of the U.S. population eligible for Food Stamps.)

It is important to note that these proposals will not result in reduction of commodities used in school feeding programs. To the extent that the two proposals (the 5 cent reduction for paying students and the change in the eligibility limits) will reduce the number of lunches served, there will be a reduction of about $28 million in the total level of commodities purchased under section 6(e) of the National School Lunch Act.

However, due to the $65 million in bonus commodities we expect to distribute, we will provide $37 million more in commodities than required if no reductions in the school lunch program were made. Under our proposed legislation, we expect to provide about $696 million in commodities for distribution to the child nutrition programs in 1980, more than ever before in these programs' history.

Even though some students are expected to leave the program, we still expect 25 million children to participate in the lunch program. This is a very healthy level of participation. Indeed, it is the same level of participation that was attained in 1972 through 1975.

Summer feeding

We are also proposing legislation to strengthen the management of the summer food program. Of all FNS programs, the summer program has had the most trouble from waste and fraud by local operators. Over the past two years we have substantially tightened administrative controls at all levels which has also resulted in a reduction of $25 million in annual program expenditures. However, significant problems still remain. Our Office of Inspector General has consistently found that most of the problems center on private sponsors who contract with private vendors for the delivery of meals. Unfortunately, the errors and waste involving such sponsors run into substantial sums of money.

We are proposing to eliminate most such private sponsors from participation in the summer program. All public sponsors such as schools, as well as private sponsors who prepare their own meals on-site, would continue to participate in the program. We hope this will encourage more schools, and more on-site preparation, in the program. (The Department has already taken steps to encourage more such sponsors to participate in the program by raising reimbursement rates for administrative costs incurred by those sponsors who prepare their own meals or who serve rural areas.) The proposal would permit a few private sponsors who obtain meals from food service management companies to participate in the program: sponsors serving primarily migrant children, and those which serve a maximum of 500 children daily at not more than three sites would retain their eligibility. Our figures show that these sponsors account for only about one percent of the summer program funds expended in recent years, and the problems of fraud and abuse endemic to larger private sponsors have not characterized smaller operations where tight management and control are more easily achieved.

Our legislative proposal would reduce the number of meals reimbursed under the program by nearly 35 percent, and could save $46 million. It would not, however, reduce the number of children served by 35 percent. First, we have paid in the past for some meals that were never served to poor children. Audits conducted by the Inspector General show that a significant number of meals for which we are billed by private sponsors who have contracted with private vendors are excess meals or ineligible meals, and do not go to serve needy children. Second, the bill would require States to conduct outreach in those areas where 50 percent or more of the households have incomes below the OMB poverty guidelines. This should result in increased availability of services in those areas where needy children are concentrated.

Special milk program

The 1980 FNS budget also contains a proposal to limit the Special Milk Program to schools that do not have a federally subsidized meal program. In those schools and institutions participating in one or more of the child nutrition programs, milk is served along with other foods as part of the meal. Complete meals provide more nutritional benefits to children than just milk alone.

Moreover, poor children can receive free milk as part of a free school meal, and near-poor children receive their entire lunch, including milk, at a reduced-price of 10 cents, or at most 20 cents. Middle and upper income children also receive a sizable subsidy for school lunches and breakfasts that include milk. We estimate that the child nutrition program will include purchases of more than $640 million in milk in 1980 as part of regular meal service in the programs.

There will be some reduction in the total level of milk served in schools under our proposal. However, most of the children now participating in the Special Milk Program would continue to purchase milk—they would simply pay about 7 cents per half-pint more than before. Studies demonstrate that at least 62 percent of this milk will still be consumed in schools by children who will pay an average of 15 cents per half-pint instead of 8 cents.

The impact on the dairy industry is also expected to be minimal, with a maximum reduction in milk prices of one-half of 1 percent or about 6 cents per hundredweight. Milk prices over the past six months have been more than 50 cents per hundredweight above support levels, and in January 1979 were 86 cents above support levels. Projections for fiscal year 1980 call for milk prices generally to remain above support levels. Thus, the Special Milk Program change should not result in significant additional Commodity Credit Corporation purchases.

Finally, even this minimal price impact should be offset by the expansion in the WIC program. The 1980 budget calls for a $200 million increase in WIC funding over 1979 levels. Over half of the WIC foods are directly related to the dairy industry (i.e., milk and cheese). We expect most if not all of the impact on dairy prices resulting from our proposed Special Milk reduction to be counteracted by the growth in WIC.

This change in the milk program would save $115 million.

Food stamp program

Although the Food Stamp Program does not fall under the jurisdiction of this Committee, it is important to understand the status of this program in the USDA budget in order to assess our proposed revisions of the child nutrition programs. The Department looked carefully at the food stamp program as part of our overall assessment of FNS food programs. In conducting this assessment, there were several key considerations.

1. We do not believe food stamp benefits or eligibility criteria should be reduced. Food stamps serve the poor and needy of our fellow Americans. Our last survey of food stamp families found that the average food stamp family had gross income of only $3,600 a year. This average family also receives an average food stamp benefit of only 30 to 35 cents per person per meal.

The 1977 Act contains no provisions to "grandfather" or "hold harmless" people who are being terminated or reduced (and we do not think the bill should have contained any such provisions). This makes it distinctly more conservative than much welfare legislation enacted in recent years.

3. The Food Stamp Act of 1977 also contains provisions to eliminate households that may own luxury cars, to tighten substantially provisions dealing with students, to increase the Federal matching rate for fraud investigations and prosecutions and to disqualify persons found to have committed fraud, and a number of other tightening provisions.

When you balance an annual increase to middle and upper income families of $9 for school lunches against reducing a 30 to 35 cent per meal food stamp benefit for a poor family, we believe the only acceptable choice is to maintain food stamp benefits for the poor family.

Similarly, we believe that a modest reduction in eligibility from $13,850 to $13,210 for the 90 cent per lunch Federal subsidy for reduced-price meals is far preferable to reducing food stamp benefits for poorer food stamp families.

Nevertheless, let me make it clear that we do feel major reductions in the food stamp program can be made—reductions that can save $150 million in 1980 and larger amounts in succeeding years. We can make these savings without depriving those truly in need. We can accomplish these savings by acting vigorously to reduce overpayments. Our legislation will contain major efforts to drive down food stamp error rates by making the States with high error rates that fail to reduce them below a prescribed target accountable for a portion of the cost of errors. We would also provide States with more tools with which to lower their error rates and more tools for anti-fraud activities.

Improving program operations

Since the inception of the National School Lunch Program, decades ago, the Child Nutrition Programs have expanded to provide a relatively comprehensive system of nutrition services that span childhood from the earliest years through high school. These services include meals and supplements to children enrolled in schools, child care institutions, and summer recreation programs. As with many other cooperative grant programs, the Federal government makes available the resources to carry out the programs. The basic federal contribution in the Child Nutrition Programs consists of federal funds and donated foods; technical assistance and guidance are also available. But as with other cooperative grant programs, the States are expected to implement the programs through the service delivery outlets in each locality. In the normal course of federal-state relationships, direct federal operation of programs within a State is extremely rare. However, in the case of child nutrition, the number of programs administered directly by the Secretary has increased steadily over the past several years.

The number of States in which the Secretary directly administers Child Nutrition Programs is outlined below:

14 States—National School Lunch, School Breakfast and Special Milk Programs in Private Schools.

6 States—National School Lunch Program, School Breakfast and Special Milk Programs in Public Residential Child Care Institutions.

13 States—National School Lunch, School Breakfast and Special Milk Programs in Private Residential Child Care Institutions.

4 States—Nutrition Education and Training Program in Private Schools.

18 States—Summer Food Service Program.

12 States—Child Care Food Program.

Under our proposal the Secretary will continue to administer the School Lunch, School Breakfast, Special Milk, and Nutrition Education and Training Programs in Private Schools and Residential Child Care Institutions. However, our proposal would not permit the Secretary to administer the Summer Food Service and Child Care Food Programs. There are several reasons for this proposal.

As as have increased the management requirements for the summer program, to improve services and reduce program abuses, more and more States have turned the programs back to the Secretary. Just a week ago, California notified us it was turning the program back to the Department, and we are now engaged in an effort to negotiate with the State to retain the program. A massive job—implementing the second largest summer program in the country on 3 months notice—awaits us if these negotiations fail.

However, our proposal to eliminate from the program most private sponsors that purchase meals from food service management companies will streamline the administration of the summer program, and make it easier for states to fold the program into their ongoing services to children. Moreover, with the increased emphasis on public sponsorship of summer food programs, it is essential that states use their existing networks of child nutrition program cooperators to expand the participation of public sponsors in the program. The Child Care Food Program would also be strengthened by state administration. The majority of states already establish standards for licensing child care centers, and state administration of the Child Care Food Program would result in greater uniformity and consistency in child care services within a state.

We now believe the Secretary can no longer continue to operate these programs, and that it must be the responsibility of the States to use the federal resources available to ensure that the nutrition benefits of these two programs are available to children in child care settings and summer recreation programs. Accordingly, we are proposing that in order to receive National School Lunch funds under sections 4 and 11 of the National School Lunch Act, States shall assume administration of the summer food service and child care food programs. The legislation emphasizes that the programs need not be administered by the State education agency, but that States should choose the proper focus of responsibility for these two programs within the overall context of the State's health, educational, social, and recreational services to children. After October 1, 1980, the Secretary would not be authorized to operate the summer food service program, child care food program, or public school lunch programs. States with biennial legislative sessions would receive an extension for one year.

We feel it is essential to take this step now. It is impossible to maintain program quality, accountability, and controlled expansion when programs are administered not by the States where the children live and the sponsoring organizations are located, but by federal regional offices, often distant from the States involved. The federal staff available to conduct direct program operation is far from adequate, and cannot be enlarged to meet increasing demands because of Congress' mandate in last year's Civil Service Reform Act that federal agencies reduce employment by September 30, 1979, to their personnel ceiling levels of September 30, 1977.

The cost of our other, truly federal, responsibilities of program and financial monitoring, and the cost to the programs themselves has become too great. Direct operation of the child care and summer programs is a burden we can no longer sustain. Federal employment ceilings have continued to decline while program funds and State administrative funds have steadily increased. The responsibility for delivering basic nutrition services to children must be returned to the States, where it belongs.

We have chosen to link the administration of the child care and summer food programs to the availability of National School Lunch Program funds, because we believe this route provides the strongest incentive to States to operate all programs, and will result in the most comprehensive availability of services to children. We considered, and rejected, the mere removal of the Secretary's authority to operate the summer and child care programs directly, thereby leaving open the possibility that in some States one or both programs might not be available at all. We chose not to permit the availability of these basic services to be determined by the amount of political support that child care and summer program interests could muster within a State. While we have chosen to propose legislation that would tie the availability of school lunch program funds to the operation of the child care and summer programs, it is the goal of returning the responsibility for these programs to the States, more than the means of achieving it, which we wish to emphasize.

To provide States with incentives and assistance to carry out their responsibilities under the child care and summer food programs, the bill proposes legislative changes in State Administrative Expense funds. First, we recommend that all State administrative expense funds be available to States for use as needed in meeting the cost of Administration of the School Lunch and the other Child Nutrition Programs. Currently the law requires States to use administrative funds exclusively for the program designated in the allocations. This restricts a State's administrative latitude. Our recommendation would provide administrative funds in a lump sum and permit States to apply resources where the need is greatest. States would no longer be required to direct interchangeable staff talent solely to a specific program. This will allow the State flexibility to develop staff resources for several programs and when necessary, retarget these resources to problem areas without the fear of being unable to account for fund usage in a given program. This is consistent with our goal to improve the quality and integrity of program administration.

We are also providing for increased amounts of administrative expense funds for the summer and child care programs. New formulas will provide a base grant to each State, to which the current statutory formula would be added, limited only by a cap designed to maintain administrative funds as a reasonable proportion of program funds. These additional funds will be allocated from administrative expense funds already available to the Secretary, and we wish to distribute these additional resources to States to support the management of the child care and summer food programs.

Any remaining funds in the State Administrative Expense account would be used to improve program management of the Food Distribution, School Lunch, and School Breakfast Programs. Through the Food Distribution, program States receive from USDA and distribute to schools about $750 million worth of donated food each year. This represents 20 percent of all food used by schools and other outlets in the Child Nutrition Programs.

State administration of the Food Distribution Program is carried out by the State education department in 60 percent of the States. The other 40 percent of the States direct the distribution of donated food through other Departments such as agriculture, welfare, general services or finance. Staffs of the State distributing agencies are generally small compared to the job to be performed. The Department recognizes that serious accountability problems exist in the receipt, use and disposition, of donated foods. We have identified some instances in which donated foods were sold to commercial outlets, exchanged for commercial foods in processor inventories or could not be physically identified in the inventories. In at least one instance commercially purchased ground beef was substituted which had a higher fat content than the donated product. In other cases systems were not in place or adequate to assure that donated foods could actually reach the recipient agencies. Some distributing agencies do not have a sufficient staff of qualified personnel to effectively execute contracts and rely heavily on contractors to set contractual requirements.

These problems clearly indicate the beneficiaries, the children eating school lunch, are the losers in terms of product quality and nutrition where these practices operate and continue unchecked. The Department will be taking steps to tighten the controls on processing contracts. We have been working with State distributing agents to develop appropriate contracts to correct deficiencies and the assure processors and recipient agencies understand each others' responsibilities. Increased monitoring of product substitutability; yield factors and local awareness by the Department and the States should reduce the occurrence of current problems. The Department is near completion of 7 seminars across the U.S. directed at food procurement in which inspection and grading services, buying practices, market news services, Federal trade requirements, and processing contracts are discussed with State and local officials involved in purchasing food for schools.

In addition to the administrative actions we are taking to improve the Food Distribution Program we are recommending that some State Administrative Expense funds be made available for the specific use by States to carry out the distributing agency responsibilities. States have requested this. Authority is contained in the current legislation for States to use State Administrative Expense funds for food distribution activities but generally this has not been done. We want all agencies that administer the child nutrition programs, including food distribution, to share in the allocation of the State administrative expense funds. Our proposal does this and assures funds will be allocated and used for food distribution activities.

There is increasing concern among the Congress, the executive branch, and the public at large that the quality of programs and accountability for program funds be improved. The General Accounting Office has found cases where fraud, abuse and waste of program funds are undermining efficient delivery of program benefits. The public has expressed concern that Government programs are wasteful, out of control and benefiting people who don't need them. Our own Office of Inspector General has discovered administrative problems, including:

school meals that do not comply with Type A lunch requirements;

schools in which free and reduced price meal applications are not checked for completeness or eligibility of the applicants;

schools which claim free and reduced price meal reimbursements according to the number of applications on file, rather than the actual number of children receiving such meals;

schools in which meals are claimed for reimbursement even though they have not been consumed by children; and

school districts that do not vary reimbursement rates according to meal cost, or that lack accounting records to show that meal cost equals or exceeds reimbursement.

These findings place the continued public support for the child nutrition programs in jeopardy. We are committed to improving program integrity and reducing administrative waste and error. We are taking several steps to increase both the Secretary's and the States' authority to deal with these problems.

First, we are undertaking a major initiative to tighten the administration of the school meal programs through the establishment of a new accountability system in all States. The States will be directed to investigate and uncover weaknesses in program management by the school districts and to correct these deficiencies. Actions will be taken where appropriate, to ensure:

that the number of free and reduced-price meals claimed does not exceed either the number of free and reduced-price meals served or the number of valid free or reduced-price applications on file;

that controls have been established on reimbursements to the individual schools so that reimbursements do not exceed the actual cost of producing the meals; and

that the meals claimed for reimbursement are in compliance with the Federal meal pattern requirements.

If systematic state reviews of local school food authorities disclose significant violations of these standards, and the violations are not corrected within a reasonable period of time, we will collect reimbursements improperly paid.

In addition, we are seeking authority to withhold all or part of a State's administrative expense funds if serious deficiencies in a State's administration of the programs are revealed by the new accountability system, or by our own management evaluations. Of course, before we took such action, a State would be permitted sufficient time to correct the deficiencies observed. If the deficiencies were later corrected, under some circumstances some or all of the funds which had been withheld from the State would be returned. Such authority has existed in the Food Stamp Program for many years, and was added to the Special Supplemental Food Program for Women's Infants, and Children, by last year's amendments to the Child Nutrition Act. In the Food Stamp Program the Secretary is mandated to withhold funds upon certain findings, but in the WIC and Child Nutrition Programs we believe greater flexibility is appropriate, so the withholding will be permissive.

WIC program

The 1980 budget also contains $750 million for the WIC program the level that Congressional leaders and the President agreed to prior to the signing of Public Law 95-627.

Since we last appeared before this Committee, several new studies have been completed that demonstrate even more dramatically than before the enormous value of the WIC program.

A study conducted at the Harvard School of Public Health in four WIC projects in Massachusetts found that the incidence of low-birth weight among infants whose mothers participated in the WIC program during the prenatal period was markedly less than among infants whose mothers, although eligible, did not participate in the program. This reduction in incidence of low-birth weight had a dramatic effect on hospitalization costs. The study found that each dollar spent in the WIC program resulted in a three dollar reduction in hospitalization costs, since the number of low-birth weight infants who had to be hospitalized was significantly reduced.

Meanwhile, a study conducted by the Waterbury, Connecticut Health Department in conjunction with Yale Medical School, found dramatic reductions in infant mortality rates among WIC participants as opposed to persons in control groups.

Many of our proposals to make reductions in child nutrition programs were formulated in conjunction with the decision to sign Public Law 95-627, and thereby expand the WIC program. There is little question in our minds that the health and nutritional impacts of reaching more women and children in the WIC program are far in excess of those achieved by subsidizing middle-income school lunches at 32 cents per lunch rather than at the 27 cents per lunch we are proposing, by continuing the 7 cent subsidy for milk where subsidized milk is already available as part of a school meal, and by keeping the eligibility limits for free and reduced-price meals at their current levels.

I appreciate the opportunity to appear before this Subcommittee.

APPENDIX—USDA-FNS REGIONAL OFFICE ADMINISTERED PROGRAMS

Private schools[1]	Residential child care institutions[1]		Summer program	Child care food program	Nutrition education and training
	Public	Private			
Alabama	Missouri	Alabama	Alaska[2]	Arkansas	Colorado
Arkansas	Nebraska	Arkansas	Arkansas	Georgia	Georgia
Colorado	North Dakota	Georgia	Georgia	Hawaii	North Dakota
Delaware	South Carolina	Hawaii	Hawaii	Missouri	South Carolina
Hawaii	Texas	Maine	Iowa	Nebraska	
Maine	Washington	Missouri	Kansas[2]	New York	
Nebraska		Nebraska	Minnesota	North Dakota	
North Dakota		North Dakota	Missouri	Oregon	
Ohio[3]		Ohio[3]	Montana	South Carolina	
South Carolina		South Carolina	Nebraska	Tennessee	
Tennessee		Tennessee	New York	Virginia	
Texas		Texas	North Dakota	Washington	
Virginia		Washington	Oregon		
Washington			South Carolina		
			Tennessee		
			Virginia		
			Washington		
			Wyoming[2]		

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[1] Includes School Lunch, School Breakfast, and Special Milk programs.

[2] These programs have become regional office programs within the past 12 months. California has just notified us of its intent to turn back the summer program, but negotiations are still underway.

[3] State to assume administration October 1979.

STATEMENT OF CAROL TUCKER FOREMAN, ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY BOB GREENSTEIN, ACTING ADMINISTRATOR, FOOD AND NUTRITION SERVICE; GENE DICKEY, DEPUTY ADMINISTRATOR, CHILD NUTRITION PROGRAMS; AND DR. DAVID DE FERRANTI, POLICY PLANNING AND EVALUATION STAFF

Ms. **Foreman**. Thank you, Mr. Chairman.

I would like to summarize my statement. There are parts of it that I will deal with in some detail, and then I will try to summarize other parts of it.

We are here before you today because spiraling food price inflation is going to add, all by itself, about $800 million to the 1980 Food and Nutrition Service budget. Projected increases in unemployment through the coming year will increase those costs even more.

As a result of that, we had to reassess the funding for the Food and Nutrition Service, and we spent the last several months doing that. We have kept in mind several basic principles as we have done it.

One, the food and nutrition service programs are a basic life and nutritional support for millions of low-income families. Congress pledged, several years ago, to try to end hunger in this country, and we are anxious not to turn the clock back on that commitment.

Two, we tried to give continued support to those programs with the greatest nutritional impact on low-income Americans; to support those programs and maintain them.

Three, we think that it is important to make a major effort to reduce excess expenditures that come as a result of waste, error, and fraud, and we will do so.

Therefore, we proposed about $700 million in reduced expenditures in fiscal year 1980, while protecting the basic benefits to the poor, and while expanding the WIC program.

I would like to give you in some detail the proposed reductions that we would like to make in the child nutrition programs, and which we hope this committee will support.

Under existing legislation, the child nutrition program will cost about $3.5 billion in fiscal year 1980. We have reached this level of expenditures as a result of legislation passed by the Congress to expand those programs, legislation enacted virtually every year of the last decade.

We have several changes that we would propose. First of all, we would propose to reduce the reimbursement rate for paid school lunches by about 5 cents each. These children would still continue to receive a very substantial Federal subsidy, a subsidy of 27.3 cents in cash and commodities for each lunch served. That is in addition to various State and local subsidies in most areas.

However, we would simply set the Federal support meal price for these meals at 27.3 cents per lunch instead of the 32.3 cents per lunch. We would not have a reduction in commodities doing that. In fact, as a result of the new bonus commodity program that we have instituted over the past year, our spending for commodities would increase from $56 million in extra commodities over and above entitlements, to $65 million in extra commodities in 1980. That adds another 1.5 cents to the subsidy for each school lunch, bringing the total to about 29 cents in Federal support for each lunch.

The result of our proposal would be an increase in cost of about 5 cents per lunch for middle and upper-income children. This means that children would have to pay just about $9 more per year for their school lunch. But that $9 each for each child would add up to $146 million in savings to the Federal taxpayer. Of course, I point this out again, this is a reduction only for middle and upper-income children. The support for these nonpoor children would continue to be over $600 million per year—certainly a substantial amount.

A question has been raised as to what impact this proposal would have on participation in the school lunch program. Both the Congressional Budget Office figures and our own figures are in agreement that 96 percent of the children presently in the program would continue to participate in the program, and there would be a drop of only about 4 percent. Those 4 percent are not likely to go hungry. They are very likely to either bring bag lunches from home, or to participate in the a la carte line at the school.

Our second proposal would be a modest downward revision in the eligibility rate for the free and reduced price meals. At the present time, reduced price meals are available to children from families whose income is 195 percent of poverty. We would suggest reducing that to families with incomes at 175 percent of poverty, a very small reduction.

In addition, we would suggest reducing the eligibility for free meals from 125 percent of poverty to 100 percent of poverty. In addition, in both cases, there would be a standard $65 a month deduction which would replace the very cumbersome and frequently not used itemized deductions that now exist.

Those reductions are really not drastic at all. In 1980, the eligibility limit for a free lunch would be $7,880 for a family of four instead of $8,880 a year. Children who are no longer eligible for a free meal would become eligible for a reduced price meal.

The reduced price meal eligibility would be $13,210 a year instead of $13,850 a year. Those are very modest adjustments, and yet their total, because of the size of this program, will be very substantial. There is a total savings to the American taxpayer of $165 million. Most of those come from lowering the free meal income limit. Once again, those children would become eligible for a reduced price meal, which is offered in most schools for only 10 cents.

The reduced price eligibility would continue up to $13,210 a year. Children from families in those income brackets would receive a Federal per meal subsidy of 90 cents per lunch. By contrast, the average food stamp family has an income of about $4,000 a year, and gets a Federal subsidy of only 30 to 35 cents per person per meal.

At a time when you have to balance Federal expenditures, and attempt to make them as efficient and effective as possible, we think that seeking these very modest reductions is quite justifiable.

In recent testimony, the General Accounting Office generally concurred with our position that the overall impact of the proposed school lunch changes on the agricultural economy would be minimal. However, GAO raises the question about whether there might be adverse impacts on certain commodities or in certain geographic areas.

We estimate that our proposals would reduce food purchases by only a few hundredths of 1 percent in aggregate, an amount that is very, very small compared to the usual ups and down of the food market.

This tiny decrease coming out of the school lunch program and the school breakfast program would be more than offset by the very substantial increases that we are making in the women, infant, and children supplemental feeding program.

GAO's contention that certain commodity markets or certain geographic areas might suffer significantly presumes that the impacts of our proposals would not be spread relatively evenly around the country. In reality, the impacts would be spread relatively evenly. But even if they are heavily concentrated in some markets or in some areas more than others, the chances of significant adverse impacts are still exceedingly remote.

For example, in the extremely unlikely event that all the impacts were concentrated in just one State, the State of South Dakota, the decrease in farm revenues would still be less than 3 percent of that State's total farm revenues. The same is also true for 24 other States.

I think, Mr. Chairman, that it is just inconceivable that we would have that kind of pinpointing.

I would like to explain through the use of a chart the overall impact of our proposals on eligibility for free and reduced price meals.

Under the administration's proposal, as you will see here, over 38 percent of all schoolchildren would still be eligible for free or reduced price meals. By contrast, about 12 percent of all Americans are eligible for food stamps. It is important once again to note that our recommendations will not result in a reduction of commodities used in the school feeding programs.

To the extent that the two proposals will reduce the number of lunches served, there would be a reduction of about $28 million in the total level of commodities purchased under section 6(3) of the National School Lunch Act. However, as a result of the $65 million in extra bonus commodities that we expect to provide, we will be actually distributing $37 million more money in commodities than required if no reductions in the school lunch program were made.

Under our proposed legislation, we expect to provide about $696 million in commodities for distribution to the child nutrition programs in 1980, more than ever before in the program's history.

Even though some children may leave the program, as a result of these cuts, we still expect over 25 million children to participate in the school lunch program. That is a very healthy level of participation, indeed, the same level of participation that was attained from 1972 through 1975.

I would like to describe, too, the changes that we would propose in the management of the summer feeding program. Of all the food and nutrition service programs that we have, this one has been most troubled with fraud, waste, and abuse.

Over the past 2 years we have tried to tighten the administrative controls, and those tightening actions that we have taken have resulted in a reduction of $25 million in annual program expenditures. However, we still have significant programs.

Our Office of Inspector General has consistently found that most of the problems center on one group of programs, on private sponsors who contract with private vendors for the delivery of meals. Unfortunately, the errors and waste involving such sponsors has run into very substantial sums of money.

We are proposing to eliminate such sponsors from participation in the summer feeding program. All public sponsors, such as schools, as well as private sponsors who prepare their meals onsite, would continue to participate in this program. We hope that this will encourage more schools to participate, and we hope that it will encourage more onsite participation.

The proposal would permit a few private sponsors who obtain meals from food service management companies to participate in the program, particularly those serving migrant children, and those which serve the maximum 500 children daily.

Our legislative proposal would reduce the number of meals reimbursed under the program by nearly 35 percent, and could save $46 million. But you must not think that that 35 percent reduction means that 35 percent fewer children would be served by this program. That is not the case.

We have determined through our Office of Inspector General that many of the meals served and reimbursed for having been served to private sponsors without onsite preparation, were meals that simply never got to children in the first place. If they did not get there, they certainly are not being denied now.

I would like to deal next with the special milk program, because our budget contains a proposal to limit that program to schools that do not have a federally subsidized program. In those schools and institutions participating in one or more of the child nutrition programs, milk is served along with other foods as part of the meal. Complete meals provide more nutritional benefits than just milk alone.

Moreover, poor children can receive free milk as part of the free school meal, and near-poor children receive their entire lunch, including milk, at a reduced price of 10 cents or at most 20 cents. Middle and upper income children also receive a sizable subsidy for school lunches and breakfasts that include milk.

We estimate that the child nutrition program will include purchases of more than $640 million in milk in 1980 as part of the regular meal service in the programs. There could be some reduction in the total of milk served in the schools, but most of the children now participating would continue to purchase milk, they would simply pay about 7 cents per half pint more than before.

The impact on the daily industry is expected to be minimal, with a maximum reduction in milk prices of one-half of 1 percent, or about 6 cents per hundredweight. Milk prices over the past 6 months have been more than 50 cents per hundredweight above support levels, and in January of 1979, were 86 cents above support levels.

Projections for fiscal year 1980 are that they will continue to be substantially above support levels. Therefore, this reduction would not substantially affect the Commodity Credit Corporation purchases.

Perhaps most importantly, once again, even this reduction would be offset by the expansion in the women, children and infant supplemental feeding program. The 1980 budget calls for a $200 million increase in WIC funding levels over 1979. Over half of the foods used in the WIC feeding program are related to the dairy industry. Foods such as milk and cheese. We expect that most, if not every bit, of the impact on dairy prices resulting from our proposed special milk reduction would be counteracted by the growth in the WIC program. Yet that change in the special milk program could save the Federal taxpayer $15 million in 1980.

I know that the food stamp program does not fall under the jurisdiction of this committee, but it is important for you to understand the status of this program in the USDA budget, in order to assess the revisions that we have suggested for the child nutrition programs.

The Department looked carefully at the food stamp program as part of our overall assessment of FNS food programs. There were several key considerations as we did that. We don't believe that food stamp eligibility, or food stamp benefits should be cut.

Food stamps serve the poor and the needy. Our last survey indicated that the average food stamp family had a gross income of only $3,600 a year, and that they received an average benefit of only 30 to 35 cents per person per meal, and this at a time when food prices themselves are going up month after month, after month.

When one considers that the overwhelming bulk of our food stamp recipients are the elderly, the disabled, and children in one-parent families, and the remainder are almost entirely the unemployed and the working poor, we believe it would be a grave error in national policy to reduce those benefits.

The Food Stamp Act of 1977, passed by the Congress, already results in significant benefit cuts for several million persons, while hundreds of thousands of others now on the program are going to be completely eliminated.

We began to get figures just last week from States that are implementing the food stamp program. Fifty-eight percent of the recipients in the State of Florida either had reduced benefits as a result of the new law, or were completely terminated from the program.

In New Hampshire, 80 percent of the recipients had either reduced benefits or were terminated. So the Congress has acted to reduce eligibility in the food stamp program.

The Food Stamp Act of 1977 also contained a number of provisions that eliminate households that should not be eligible. Households that own luxury cars, for example. Congress acted to tighten substantially provisions dealing with students, and Congress acted to increase the Federal matching rate for fraud investigations, and prosecutions, and made it easier to disqualify persons found to have committed fraud.

When you balance an annual increase to middle and upper income families of $9 dollars for school lunches against reducing a 30- to 35-cent-per-meal food stamp benefit for a poor family, we believe the only acceptable choice is to maintain food stamp benefits for the poor families.

We believe the modest reduction in eligibility for that reduced price lunch is far preferable to reducing food stamp benefits for poor food stamp families.

I do believe, and I would like to make clear, we think we can save more money in the food stamp program, and we will be bringing to Congress proposals which we anticipate by reducing error and fraud, and eliminating ineligibles from the program, will save up to $150 million in fiscal year 1980.

Let me deal briefly with some improvements that we would like to make, Mr. Chairman, in program operations. Since the inception of the school lunch program, over 30 years ago, there have been expansions to provide a relatively comprehensible system of nutrition services that span childhood from the earliest years through high school. In the normal course of Federal-State relationships, direct Federal operation of a program within a State is extremely rare.

However, in the case of child nutrition, the number of programs administered directly by the Secretary has increased steadily over the past few years to the point where we believe that it is a serious problem that has to be dealt with.

The number of States in which the Secretary directly administers—where the Federal Government directly administers child nutrition programs is outlined below, and you see it reflected on this chart.

In 14 States, the Secretary of Agriculture directly administers the national school lunch, school breakfast, and special milk programs in private schools. In six States, he directly administers the school lunch program, school breakfast program, and special milk program in public residential child care centers.

In 13 States, the Secretary directly administers the national school lunch, school breakfast, and special milk program in private residential child care institutions. In four States, he administers the nutrition education and training program in private schools.

In 18 States, he administers the summer feeding program, and 12 States he administers the child care feeding program.

Now in a country that seems to be very concerned about reducing the Federal involvement in the State and local activities, this would seem to be something that would warrant congressional attention.

Under our program, the Secretary will continue to administer the lunch, breakfast, special milk and nutrition education and training programs in private schools and residential child care institutions. However, our proposal would not permit the Secretary to administer the summer feeding program, and the child care food programs. There are several reasons for this.

As we have increased the management requirements for the summer programs to improve services and reduce program abuses, more and more States have simply turned the programs back to us. As we have tried at congressional insistence to improve the accountability of these programs, the response of the States have been to say: "We don't think that we would like to run it. You run it."

Just last week, the State of California said they think they would not like to run the summer feeding program in California any more. If California children are to benefit from that program, the Federal Government should run the summer feeding program in California.

We are attempting to negotiate with the State of California, and try to get them to run that program this summer, but if the negotiations fall through, we are going to be forced to run that program this summer.

Our proposal to eliminate from the program most private sponsors that purchase meals from food service management companies will streamline the administration of the summer feeding program, and make it easier for States to fold the program into their ongoing services to children. But with the increased emphasis on public sponsorship of summer food programs, it is essential that States use their existing networks of child nutrition program coordinators to expand the participation of public sponsors in the program.

The child care food program would also be strengthened by State administration.

We now believe that the Secretary of Agriculture can no longer continue to operate these programs, and that it must be the responsibility of the States to use Federal resources available to insure that nutrition benefits of child care and summer feeding programs are available to children in child care settings and summer recreation programs.

Accordingly, we are going to propose that in order to receive National School Lunch Act funds under sections 4 and 11 of the National School Lunch Act, States shall assume administration of the summer food program and child care food programs.

The legislation emphasizes that programs need not be administered by the State education agency, but that States could choose, as they desire, the proper focus of responsibility. We feel that it is essential to take this step now. It is impossible for us to maintain program quality, accountability, and controlled expansion, when programs are administered not by the State where the children live, and the sponsoring organizations are located, but by Federal regional offices which may be located hundreds of miles away.

The Federal staff available to conduct direct program operation is far from adequate, and we cannot enlarge our staff to run these programs, as the States turn them back, because Congress last year mandated in the Civil Service Reform Act that the Federal agencies reduce employment by September 30, 1979, to their personnel ceiling levels of September 30, 1977.

The cost of our other truly Federal responsibilities for program and financial monitoring, and the cost of the programs themselves have simply become too great. I just don't think that we can continue to sustain direct operation of these programs.

We have chosen to limit the administration of the child care and summer food programs to the availability of the school lunch program funds because we believe this route provides the strongest incentive to States to operate all programs, and will result in the most comprehensive availability of services to children.

We considered and rejected the mere removal of the Secretary's authority to operate the summer and child care programs directly, thereby leaving open the possibility that in some States one or both programs might not be available at all.

We chose not to permit the availability of these basic programs to be determined by the amount of political support that child care and summer program interests could muster within a State. While we have chosen to propose legislation that would tie the availability of school lunch program funds to the operation of the child care and summer programs, it is the goal of returning the responsibility for these programs to the States, more than the means of achieving that goal, which we wish to emphasize with you today.

To provide States with incentives and assistance to carry out their responsibilities under the programs, the bill proposes legislative changes in State administrative expense funds, and we will provide much greater flexibility in using those funds under our new program.

We are also providing for increased amounts of administrative expense funds for the summer and child care programs. New formulas will provide a base grant to each State, to which the current statutory formula would be added, limited only by a cap designed to maintain administrative funds as a reasonable proportion of funds.

There is an increasing concern among the Congress, the executive branch, and the public at large that the quality of programs and accountability for Federal program funds be improved.

The General Accounting Office has found cases where fraud, abuse, and waste of program funds are undermining efficient delivery of program benefits. The public has continuously expressed concern that Government programs are wasteful, out of control, and benefiting people who do not need them.

Our own office of Inspector General has discovered administrative programs including school meals that do not comply with the type A lunch requirements; schools in which reduced and free meal applications are not checked for completeness or eligibility of the applicants; schools which claim free and reduced price meal reimbursement according to the number of applications on file, rather than the actual number of children receiving such meals; schools in which meals are claimed for reimbursement even though they have not been consumed; school districts that do not vary reimbursement rates according to meal cost, or that lack accounting records to show that meal costs equal or exceed the reimbursement.

These findings, we think, place continued support for these programs in jeopardy, and we are committed to improving—program integrity, and reducing the administrative waste and error. We are taking several steps to increase both the Secretary's and the States' authority to deal with these problems.

First, we are undertaking a major initiative to tighten the administration of school meal programs through the establishment of a new accountability system in the States. The States will be directed to investigate and uncover weaknesses in program management by the school districts, and to correct these deficiencies. Actions will be taken where appropriate, to insure that the number of free and reduced price meals claimed does not exceed either the number of free and reduced price meals served, or the number of valid free and reduced price meal applications on file.

We will take steps to insure that controls have been established on reimbursement to individual schools so that reimbursements do not exceed the actual cost of producing the meals, and we will take steps to see that the meals claimed for reimbursement are in compliance with the Federal meal pattern requirements.

If a systematic State review reveals abuse of local school food authority, disclose significant violations of these standards, and the violations are not corrected within a reasonable period of time, we will collect those reimbursements that were improperly paid.

In addition, we are seeking authority to withhold all or part of a State's administrative expense funds if serious deficiencies in a State's administration of the program are revealed by our new accountability system, or by our own management evaluation. Before we took such action, a State would, of course, be permitted sufficient time to correct the deficiencies observed. If the deficiencies were later corrected under some circumstances, some or all of the funds which had been withheld from a State would be returned.

That kind of authority has existed within the food stamp program for years, and it was added by the Congress to the special supplemental feeding program for women, infants, and children last year.

In the food stamp program, the Secretary is mandated to withhold funds upon certain findings, but in the WIC nutrition program, we believe greater flexibility is appropriate, so the withholding would be permissive.

Before I close, Mr. Chairman, and members of the committee, I would just like to take a couple of minutes to review with you the program of the WIC program.

The 1980 budget includes $750 million for the WIC program, that is the level that congressional leaders and the President agreed to prior to the President signing Public Law 95-627. Since we last appeared before this committee, several new studies have been completed that demonstrate even more dramatically than before the enormous value of that program.

A study conducted at the Harvard School of Public Health in four WIC projects in Massachusetts, found that the incidence of low-birth-weight babies among infants whose mothers participated in the WIC program was markedly less than among infants whose mothers, although they were eligible for the program, did not participate in it.

The reduction in the incidence of low-birth weight-babies had a dramatic effect on hospitalization costs. The study found that for each dollar spent in the WIC program, there was a $3 reduction in hospitalization costs, because the number of low-birth-weight infants who had to be hospitalized was significantly reduced.

At the same time, a study conducted by the Waterbury, Conn., Health Department in conjunction with Yale Medical School, found dramatic reductions in infant mortality rates among WIC participants as opposed to persons in control groups.

Many of our proposals to make reductions in child nutrition programs were formulated in conjunction with the decision to sign Public Law 95-627, and thereby expand the WIC program.

The Congress went substantially beyond the funding that the administration had intended for the WIC program when it passed that law, and we have had to look at and adjust our total spending programs, so that we can pinpoint our funds where we think they will be most efficient and effective in dealing with hunger, and with dealing with inadequate nutrition as we prepared our 1980 budget.

There is little question in our mind that the health and nutritional impacts of reaching more women and children in the WIC program are far in excess of those achieved by subsidizing middle-income school lunches, school lunches for your children and mine, at 32 cents per lunch rather than 27 cents per lunch, which is what we are proposing. By continuing the 7-cent subsidy for milk, where subsidized milk is already available under another program, and by keeping the eligibility limits for free- and reduced-price meals at their current level.

I appreciate you letting me take so much time, Mr. Chairman. I think that it was important for us to have the opportunity to spell out to the committee the reasoning behind the various proposals that we have sent to you.

Chairman **Perkins**. Ms. Foreman, if you would remain there, we will defer our questions until we hear from Mr. Henry Eschwege, Director, Community Economic Development Division of the General Accounting Office.

We welcome you to this proceeding. Please go ahead.

[The prepared statement of Henry Eschwege follows:]

Prepared Statement of Henry Eschwege, Director, Community and Economic Development Division, General Accounting Office

Mr. Chairman and members of the subcommittee, we are here today to discuss the proposed cuts to the child nutrition programs administered by the department of agriculture. We reviewed existing evaluation studies of these programs and the fiscal year 1980 budget. Our purpose was to examine the administration's basis for determining what effect these proposed budget cuts will have on program beneficiaries and the agricultural economy.

Although many of our comments are applicable to the entire range of child nutrition programs, our work centered on the school lunch program. the summer feeding program, and the special milk program. These programs have two common legislative objectives: (1) to safeguard or promote nutritional health and well-being of children, and (2) to encourage the use of agricultural commodities. Over the years a third objective of income support has been tacitly added.

We reached three basic conclusions during the course of our work:

(1) In most cases the Department cannot presently measure whether the programs are meeting these legislative objectives. The Department is, therefore, limited in estimating the impact of budget changes—both of program participation levels and the change in nutritional and agricultural benefits.

(2) The Department has recently increased its capacity to evaluate the impact of feeding programs on target populations and individuals. The Department only has preliminary plans for such studies which, if implemented, offer hope that program effectiveness can be measured.

(3) In proposing budget cuts in the child nutrition programs, the Department tried not to affect the most needy. As we see it, however, it was constrained when considering alternatives by a lack of information on program participants and by limited evaluation results on program performance.

Proposed budget cuts

The Department is proposing new legislation which will cut $357.6 million from the child nutrition programs (exclusive of the special milk program). An additional $110 million cut in the special milk program is being sought through both the budgetary and legislative process.

Briefly summarized the school lunch program would be cut by $261.8 million (12.3 percent), the breakfast program by $12 million (5.3 percent), the summer feeding program by $47 million (34.6 percent), the child care program by $9 million (4.2 percent), and commodity support for child nutrition programs by $27.8 million (4.1 percent). The special milk program budget would go from $142 million to $32 million, a 77.5 percent drop.

The Department believed that cuts could best be made in the child nutrition programs where benefits were going to children from families having comparatively high incomes, such as the school lunch program, or where program benefits were diluted by potential fraud or duplication, such as the summer feeding program and the special milk program.

The Department did not cut back, however, on the special supplemental feeding program for women, infants, and children (WIC) because it believes recent studies indicated a correlation between program benefits and a reduction in health care costs. Likewise, agency officials did not want to cut the food stamp program because according to them these benefits were primarily directed toward low-income groups. For both of these programs the Department is proposing budget increases. WIC would increase by $200 million and food stamps by $737.9 million.

Program evaluation

The Food and Nutrition Service administers over $9 billion in feeding programs. The date these programs have not been evaluated to determine whether the legislative objectives are being met. It is generally assumed, however, that the feeding programs offer positive benefits to their participants.

In several reports, we have called for the evaluation of all feeding programs in general and for the school lunch program in particular. In a 1978 report to the Congress we identified overlaps among Federal feeding programs that would result in some households receiving 230 percent of the amount needed to purchase a thrifty food plan diet. We recommended that in light of this large potential for overlap that an evaluation of all Federal food assistance efforts be made.

At the most recent USDA outlook conference, a Department consultant and expert in program evaluation summed up the Department's existing work in evaluating feeding programs as follows: "Although the breadth and magnitude of the agency's nutrition programs have expanded tremendously, evaluation of these efforts has not. Evaluation has seriously lagged behind program growth. The absence of systematic and thorough program evaluation leaves policymaking on tenuous grounds: We do not know how well we are doing nor whether we could be doing it in better ways."

Department officials have recognized the need for better evaluation, both in discussions with us and in responding to our report recommendations. Evaluation proposals have been promised but have not yet been completely developed.

The Food and Nutrition Service has recently created an office of policy, planning, and evaluation which has increased the evaluation staff from 8 to 19 professionals capable of conducting the needed evaluation studies. Department staff put forth two objectives of future program evaluations: (1) to assess program impact on participants' nutrient intake and health and (2) to determine whether existing levels of benefits are appropriate for existing needs. If these objectives were adopted by the Department and carried out, many of the basic questions concerning the success or failure of the child nutrition programs in meeting program objectives could be answered.

School lunch program

In a 1977 report to the Congress, we stated that "* * * the Department of Agriculture has not obtained a comprehensive evaluation of the school lunch program. The program's goals notwithstanding, * * * public funds are spent each year without any objective evidence that the program is, in fact, safeguarding school children's health." In that same report we found little had been done to determine the program's impact on the agricultural economy, although we concluded that the program probably strengthened the overall demand for farm products.

The proposed $262 million cut in the school lunch program will affect children in all categories. For paying children, the Federal subsidy will be reduced 5 cents down to 12.12 cents. The total Federal subsidy including commodities would then be about 27 cents. Reduced price lunches will be available to children from families at no more than 175 percent of the OMB poverty income guidelines compared to the present limit of 195 percent. Free lunches will go to children from families at no more than 100 percent of the guideline compared to the present limit of 125 percent. A standard deduction of $780 from annual income will be available for the first time to families applying for free or reduced priced meals. These families presently can itemize certain deductions. Most do not.

The Department estimates that these revisions will result in about 1.1 million of the 26.1 million participants dropping out of the program—a 4.2 percent reduction. Of the estimated 1.4 million children who will move from free lunch eligibility to reduced price eligibility, 350,000 will drop out. Another 370,000 children will move from reduced price eligibility to paying status, but 185,000 in this category will drop out. Another 580,000 paying students will drop out because of the 5-cent cut. These Department figures assume certain economic conditions based on estimates derived in part from projections provided by the Council of Economic Advisors.

The Department sought to cut back on benefits at the middle and upper income levels. However, the results show that 31 percent of the estimated dropout will be from students formerly eligible for free lunches. Another 17 percent of those dropping out will be from those formerly eligible for reduced price lunches, and the remaining 52 percent of the children dropping out will be those affected solely by the 5-cent cut.

OMB assumes that the 5-cent reduction will not particularly affect those children previously but no longer eligible for a reduced price lunch because the 27-cent subsidy should still make the school lunch less expensive than comparable alternatives. Department officials, however, have no way of verifying that assumption, and project that at least one-half of those newly eligible, full price students will be dropping out.

The Departments believes that initial dropout will be higher than the above estimates. The Department also believes, however, that after the price increase and change in guidelines, program participation will pick up until the levels shown above are reached. This should take 2 to 3 months. Only the estimates for the decrease in participation attributed to the 5-cent reduction are based on reasonably conclusive analysis. The dropout rate due to changes in the income guidelines is not so firm, and the actual rate could be much higher or lower.

Little conclusive evidence exists which demonstrates what, if anything, will happen to those children dropping out of the program. There has been no comprehensive, systematic review of the school lunch program which demonstrates the nutritional and income support effects the program has on children and their families.

The Department prepared two reports in 1974 and 1978 which compiled available information on program impact on children. Although much of this information is limited because of narrow geographic coverage or scope of study, one can get some indicators of program impact.

One study showed that a school lunch is more nutritious than other available alternatives, including bag lunches and eating off-campus. Another study indicated that the school lunch made a positive contribution to nutrient intake at all income levels, although it was proportionately larger at the lower end. A recent analysis of data from HEW's first health and nutrition examination survey indicates that low income children benefit most from the school lunch program, primarily as a result of milk served with the program. We do not believe that the data base and analysis are sufficiently developed to make policy changes, but we do feel that the conclusion warrants further study by the Department. No study yet completed can relate actual nutritional status of children with participation in the program, much less those children dropping out of the program.

The Department estimates the total impact of these cuts on the agricultural economy to be $90 to $93 million or 0.1 percent of farm sales. Compared with the overall contribution of the program and the proposed additional commodity usage through increased WIC funding of $200 million, this amount may not significantly affect the agricultural economy. However, commodity by commodity or regional analyses are not available, so a determination cannot be made as to whether it may impact a particular commodity or region.

Very little information has been published on the role of the school lunch program in providing income support to families of participants. Obviously some needy families will be affected by some amount over the course of a school year. Likewise, little is known about how well the program acts in providing nutrition education to children. Because this function varies so widely by schoold district, it is unlikely that any such measurement could be made with data currently collected.

Summer feeding

Both Department and OMB officials told us that the primary basis for the cuts in the summer feeding program is the high level of fraud and abuse reported by GAO and the Department's inspector general. Both concluded that fraud and abuse were a major problem with private sponsors employing private food vendors. Such sponsors would be generally excluded under the proposed legislation.

Using the assumption that 35 percent of meals served in the 1977 program were served by private sponsors using private vendors, the Department proposes to cut back the summer feeding program by 35 percent to $88.8 million from the projected 1980 level of $135.8 million. Meals served would also decline by 35 percent to about 92 million.

The Department does not know the actual number of children to be cut from the program. In fact, program officials have had difficulty in predicting participation rates in previous years. For example, in 1978, the Department estimated that 4 million children would be in the program, but only 2.6 million actually participated.

The Department also does not know at what locations the cuts will take place; or what, if any, effect the cuts will have on the nutritional status of the children. Because of the high percentage of ineligible meals claimed for reimbursement by sponsors which would not be eliminated from the program, the Department believes the actual number of children affected should be less than the 35 percent reduction in program payments. However, the Department agrees that some children who would be eligible will not be served.

Our report on the 1976 summer feeding program discussed serious criminal and administrative abuse of the program among private sponsors. In our review of the

1977 program, however, we found significant reductions in the flagrant abuses of previous years and concluded that legislative and administrative actions could overcome many of the remaining problems.

The Inspector General made recommendations similar to ours after auditing the 1978 summer program. He recommended that the Department continue to solicit the participation of schools and other public entities and not approve private units as feeding sites unless it is necessary to do so to achieve program objectives. While prohibiting private sponsors will help reduce the program's error rate, an official of the Inspector General's office in a February, 1979 letter to GAO noted that the key to eliminating fraud and abuse and increasing the probability that reimbursable meals will be consumed by needy children is in improving the management of the administering agencies.

The Inspector General's office believes that if prudent management is established such as undertaking demographic studies to find out where the needy children are, determining where children will be affected by the budget cuts, and taking action to help school cafeterias open in the summer; real program costs could be reduced by 25 to 35 percent.

Special milk program

The special milk program was designed to encourage the consumption of milk by school children. The program reimburses part of the cost of milk consumed by students eligible for reduced price and full price lunches, and the full cost of the milk provided to children eligible for a free lunch. Sixty-six percent of the milk provided under the program is served on an a la carte basis during lunch. In the current budget request, the Department proposes to restrict the special milk program to those schools and institutions where there are no other Federal child nutrition programs. This is expected to result in a $110 million savings and is designed to reduce overlap with other Federal programs providing milk.

Last summer we reported that millions of half pints of milk were served free to needy children who also qualified for available free lunches and breakfasts. We recommended that the Congress evaluate the need for Federal reimbursement of free milk under the special milk program for outlets already participating in Federal programs providing milk. Almost 90 percent of schools having the special milk program also participate in the school lunch program, which requires milk with each lunch. A smaller number of special milk program schools offer the school breakfast program, which also requires milk.

A Department study shows that only 30 percent of the milk consumed in the special milk program is consumed by students participating in the school lunch program. The study does not show how the removal of the special milk program would affect milk consumption among participants eating a la carte or bag lunches—whether they would switch to unsubsidized a la carte milk, school lunches, or to no milk at all.

As for nutritional impact, the Department's study does not discuss the issue of nutritional status associated with the special milk program. Department officials believe that, due to the considerable overlap of benefits, any adverse nutritional impact will be minimal. They believe that the nutrients provided by milk are already provided for in sufficient quantities by the school lunch and breakfast programs. However, this reasoning applies only to the extent that (1) overlap in participation exists and (2) consumption by those not participating in the school lunch or breakfast program is replaced by either purchase of unsubsidized a la carte milk or participation in these programs.

Department officials believe that at least 62 percent of the milk consumed in the special milk program would continue to be consumed by children at school in the absence of the program. If this estimate is accurate, the Department believes that farm milk prices would decrease by 6-cents per hundredweight. The Department believes that most, if not all, of this price decrease would be offset by the proposed increase in WIC funding, over one-half of which is directly related to consumption of dairy products.

Conclusions and recommendations

The Department made an effort to limit program cuts to children who would be least affected by the cuts. The lack of program information and evaluation material severely restrained both us and the Department from fully assessing the impact of the cuts and the viability of alternative proposals. The Department had little convincing evidence to support their proposed modifications in the school lunch program. Similarly, little evidence was available for rationale in increases in the cash subsidy and for increases in the income guidelines that took place in prior years. The Department has some basis for cutting back on the special milk program and a rationale for reducing the summer feeding program budget, although, even here, it seems that the Department did not fully consider available options for decreasing costs without eliminating eligible children from the program. Unquestionably, the Department's proposed cuts will save money. They will also remove many children from these programs. Unfortunately we are unable to measure the trade-off between budget cuts—some or all of which could be well taken—and cutting children off from program benefits.

Prior GAO recommendations to make comprehensive evaluations of child nutrition programs have not been acted upon. The congress should require the Secretary of Agriculture to conduct a comprehensive evaluation of all the child nutrition programs. Such evaluations should consider the interaction of all Federal feeding programs in meeting legislative objectives.

This concludes my statement. I will be pleased to respond to your questions.

[Attachment 1]

GAO REPORTS PERTINENT TO TESTIMONY

1. Future of the National Nutrition Intelligence System (CED-79-5, 11/7/78).
2. Federal Domestic Food Assistance Programs—A Time for Assessment and Change (CED-78-113, 6/13/78).
3. Nationwide Food Consumption Survey: Need for Improvement and Expansion (CED-77-56, 3/25/77).
4. The Summer Feeding Program for Children: Reforms Begun—Many More Urgently Needed (CED-78-90, 3/31/78).
5. The Summer Feeding Program—How to Feed the Children and Stop Program Abuses (CED-77-59, 4/15/77).
6. The National School Lunch Program—Is It Working? (PAD-77-6, 7/26/77).
7. Progress and Problems in Achieving Objectives of the School Lunch Program (B-178564, 6/29/73).
8. How Good Are School Lunches? (CED-78-22, 2/3/78).
9. Letter report to the Secretary of Agriculture on noncompliance with Type A lunch pattern in New York City (CED-77-89, 6/15/77).
10. The Impact of Federal Commodity Donations on the School Lunch Program (CED-77-32, 1/31/77).

[Attachment 2]

PROPOSED BUDGET CHANGES IN THE FISCAL YEAR 1980 CHILD NUTRITION PROGRAMS

[In thousands of dollars]

	Existing	Proposed	Change
School lunch:			
Section 4	$734,700	$586,700	−$148,000
Section 11	1,388,400	1,274,600	−113,800
Breakfast	224,800	212,800	−12,000
Summer feeding	135,800	88,800	−47,000
Child care	213,800	204,800	−9,000
Commodities	685,200	657,400	−27,800
Total	3,382,700	3,025,100	−357,600

[Attachment 3]

ESTIMATED EFFECT OF PROPOSED BUDGET CUTS ON PARTICIPATION LEVELS IN THE NATIONAL SCHOOL LUNCH PROGRAM

[In millions]

	Students served			
	At regular price	At reduced price	Free	Total
Participation under existing legislation	14.600	2.100	9.400	26.100
Changes under-proposed legislation:				
Eligibility shift:				
Gain	.370	1.400		1.770
Loss		-.370	-1.400	-1.770
Total	.370	1.030	-1.400	0
Dropout due to:				
Eligibility shift	-.185	-.350		-.535
5-cent subsidy cut	-.580			-.580
Total	-.765	-.350	0	-1.115
Participation under proposed legislation	14.205	2.780	8.000	24.985

STATEMENT OF HENRY ESCHWEGE, DIRECTOR, COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION, GENERAL ACCOUNTING OFFICE

Mr. ESCHWEGE. Mr. Chairman, I would like to introduce my colleagues here this morning, Mr. Hirschhorn, Deputy Director of our division; and Mr. Jack Brock, program analyst of our division.

If it is all right with you, I will just go through the statement, but not read it all, and summarize it to the best of my ability.

Chairman PERKINS. It will be inserted in the record in its entirety.

Mr. ESCHWEGE. Right, sir.

Chairman PERKINS. Go right ahead.

Mr. ESCHWEGE. Although many of our comments are applicable to the entire range of child nutrition programs, our work centered on the school lunch program, the summer feeding program, and the special milk program.

These programs have two common legislative objectives: (1) To safeguard or promote nutritional health and well-being of children; (2) and to encourage the use of agricultural commodities.

Over the years a third objective of income support has been tacitly added.

We reached three basic conclusions during the course of our work. In most cases, the Department cannot presently measure whether the programs are meeting these legislative objectives. The Department is, therefore, limited in estimating the impact of budget changes, both on program participation levels, and the change in nutritional and agricultural benefits.

Second, the Department has recently increased its capacity to evaluate the impact of feeding programs on target populations and individuals. The Department only has preliminary plans for such studies which, if implemented, offer hope that program effectiveness can be measured.

Third, in proposing budget cuts in the child nutrition programs, the Department tried not to affect the most needy. As we see it, however, it was constrained when considering alternatives by a lack of information on program participants and by limited evaluation results on program performance.

As you have heard, the Department is proposing new legislation which will cut $357.6 million from the child nutrition programs, exclusive of the special milk program. An additional $110 million cut in the special milk program is being sought through both the budgetary and legislative process.

The Food and Nutrition Service administers over $9 billion in feeding programs. To date these programs have not been evaluated to determine whether the legislative objectives are being met. It is generally assumed, however, that the feeding programs offer positive benefits to their participants.

Department officials have recognized the need for better evaluation, both in discussions with us and in responding to our report recommendations. Evaluation proposals have been promised but have not yet been completely developed.

Getting to the school lunch program—in a 1977 report to the Congress, we stated that:

> The Department of Agriculture has not obtained a comprehensive evaluation of the School Lunch Program. The program's goals notwithstanding, public funds are spent each year without any objective evidence that the program is, in fact, safeguarding school children's health.

In that same report, we found little had been done to determine the program's impact on the agricultural economy, although we concluded that the program probably strengthened the overall demand for farm products.

The proposed $262 million cut in the school lunch program will affect children in all categories. The Department estimates that the revisions will result in about 1.1 million of the 26.1 million participants dropping out of the program—a 4.2 percent reduction.

Of the estimated 1.4 million children who will move from free eligibility to reduced price eligibility, 350,000 will drop out. Another 370,000 children will move from reduced price eligibility to paying status, but 185,000 in this category will drop out. Another 580,000 paying students will drop out because of the 5-cent cut.

The Department sought to cut back on benefits at the middle- and upper-income levels. However, the results show that 31 percent of the estimated dropout will be from students formerly eligible for free lunches. Another 17 percent of those dropping out will be from those formerly eligible for reduced price lunches, and the remaining 52 percent of the children dropping out will be those affected solely by the 5-cent cut.

Turning now to page 9 of my statement to the summer feeding program, both the Department and OMB officials told us that the primary basis for the cuts in the summer feeding program is the high level of fraud and abuse reported by GAO and the Department's Inspector General. Both concluded that fraud and abuse were major problems with private sponsors employing private food vendors. Such sponsors would be generally excluded under the proposed legislation.

The Department does not know the actual number of children to be cut from the program, and at what locations those cuts will occur. Our report on the 1976 summer feeding program discussed serious criminal and administrative abuse of the program among private sponsors. In our review of the 1977 program, however, we found significant reductions in the flagrant abuses of previous years, and concluded that legislative and administrative actions could overcome many of the remaining problems.

The Inspector General's office believes that if prudent management is established, such as undertaking demographic studies to find out where the needy children are, determining where children will be affected by the budget cuts, and taking action to help school cafeterias open in the summer; real program costs could be reduced by 25 to 35 percent.

The special milk program was designed to encourage the consumption of milk by school children. The program reimburses part of the cost of milk consumed by students eligible for reduced price and full price lunches, and the full cost of the milk provided to children eligible for a free lunch. Sixty-six percent of the milk provided under the program is served on an a la carte basis during lunch.

In the current budget request, the Department proposes to restrict the special milk program to those schools and institutions where there are no other Federal child nutrition programs. This is expected to result in a $110 million savings and is designed to reduce overlap with other Federal programs providing milk.

Department officials believe that, due to the considerable overlap of benefits, any adverse nutritional impact will be minimal. They believe that the nutrients provided by milk are already provided for in sufficient quantities by the school lunch and breakfast programs.

However, this reasoning applies only to the extent that: (1) Overlap in participation exists, and (2) consumption by those not participating in the school lunch or breakfast program is replaced by either purchase of unsubsidized a la carte milk or participation in these programs.

In conclusion, Mr. Chairman, the Department made an effort to limit program cuts to children who would be least affected by the cuts. The lack of program information and evaluation material severely restrained both us and the Department from fully assessing the impact of the cuts and the viability of alternative proposals.

The Department had little convincing evidence to support their proposed modifications in the school lunch program. Similarly, little evidence was available for rationale in increases in the cash subsidy and for upward revisions of the income guidelines.

The Department has some basis for cutting back on the special milk program and a rationale for reducing the summer feeding program budget, although, even there, it seems that the Department did not fully consider available options for decreasing costs without eliminating eligible children from the program.

Unquestionably, the Department's proposed cuts will save money. They will also remove many children from these programs.

Unfortunately, we are unable to measure the trade-off between budget cuts—some or all of which could be well taken—and cutting children off from program benefits.

Prior GAO recommendations to make comprehensive evaluations of child nutrition programs have not been acted upon. The Congress should require the Secretary of Agriculture to conduct comprehensive evaluation of all the child nutrition programs. Such evaluations should consider the interaction of all Federal feeding programs in meeting legislative objectives.

I might add, Mr. Chairman, that on March 5, 1979, Senate Resolution 90 was introduced by Senator McGovern and Senator Dole, which would, in effect, provide for such comprehensive evaluation.

This concludes my summary, and I will be pleased to respond to your questions.

Chairman PERKINS. First, I will question Ms. Foreman, and I will not take over my 5 minutes.

Under your proposed change in eligibility, Ms. Foreman, an estimated 1.6 million children will no longer be eligible to receive free meals, and an estimated 1.2 million children will no longer be eligible to receive reduced price meals.

Under your proposal, how many of these children will continue to participate in the school lunch program, and what is the basis for your assumption?

Ms. FOREMAN. Mr. Chairman, could I introduce the people at the table with me, because I would like to refer some of those questions to them.

On my immediate right is Bob Greenstein, the Acting Administrator of the Food and Nutrition Service. Next to him is Gene Dickey, who is the Deputy Administrator for the child nutrition programs, and at the end of the table is Dr. David de Ferranti, who is the head of our Policy Planning and Evaluation staff, and I would like to refer that question to Dr. de Ferranti.

Chairman PERKINS. Go ahead.

Dr. DE FERRANTI. We will be happy to provide for the record a detailed discussion of the assumptions and calculations. The procedure essentially involved analysis of a data base that is in considerable use throughout the Government. We examined the income distribution of families with children in school, and assessed from that how many were eligible.

[The information referred to above follows:]

CHILD NUTRITION BUDGET SAVINGS, FISCAL YEAR 1980

The subsequent paragraphs describe our assessment of the impacts of the proposed changes in the Child Nutrition Programs on participation and costs. Current projections for numbers of meals by type, average daily participation by type, the cost of each type and the total cost of the NSLP are shown in Chart I. These figures include the effects of the planned child nutrition accountability system, which is estimated to save $60 million in fiscal year 1980.

CHART I

	Total meals for 1980 (millions)	Daily participation (millions)	Cash and commodity level per meal (cents)	Cost (millions)
Free	1,540	9.4	106.467	$1,640
Reduced price	341	2.1	86.467	295
Paid	2,394	14.6	31.477	754
Total	4,275	26.1		2,689

Adjustment I.—Reduce cash reimbursement (Section 4) for all paid meals by 5 cents.

Impacts:

(1) The reimbursement (cash plus commodities) would decrease by 5 cents from 31.477 cents to 26.477 cents generating a savings of $120 million.

(2) Paid participation in the NSLP would decrease by approximately 4 percent due to 5 cents price increase generating an additional savings of $26 million. The new projections of meals, rates and costs resulting from Adjustment I are shown in Chart II below.

CHART II

	Total meals for 1980 (millions)	Daily participation (millions)	Cash and commodity level per meal (cents)	Cost (millions)
Free	1,540	9.4	106.467	$1,640
Reduced price	341	2.1	86.467	295
Paid	2,298	14.0	26.477	608
Total	4,179	25.5		2,543

Savings from Adjustment I equals $146 million.

Adjustment II.—Change income eligibility thresholds for free and reduced price meals to 100 percent and 175 percent of poverty, respectively, but allow each family a standard deduction of $65 per month.

Chart III below shows the percentages of children in the population eligible for free, reduced price and paid meals under existing and proposed income eligibility standards. The percentages were derived by using data from the Consumer Expenditure Survey.

CHART III

[In percent]

	Eligible for free meals	Eligible for reduced price meals	Between 125 and 175 percent plus S.D.	Eligible for paid meals
Current program	21.83	19.96		58.21
$65 standard deduction	18.58	19.72	16.47	61.70

Under this option, the eligible population for free meals would be reduced to 85.11 percent of those currently eligible. This is based on the relationship of the percentages of free eligibles between the existing and proposed eligibility limits from Chart III (i.e., 18.5÷21.83=.8511). By applying this to the number of free meals anticipated for the current program, a reduction of 230 million free meals may be projected (i.e., 1,540×.8511=1,310; 1,540−1,310=230).

Of the 230 million meals eliminated from the free category, it is assumed that 75 percent or 172 million would transfer to the reduced price category and 25 percent or 58 million would be eliminated from the program.

Thus far, the analysis accounts for all children between 0 and 125 percent of poverty. To determine reduced price meals, the relationship of the percentages of children between 125 percent of poverty and the reduced price eligibility thresholds in the current program and this proposal must be compared. Based on Chart III, reduced price meals under the proposal would be 82.52 percent of those in the current program (16.47 ÷ 19.96 = .8252). By applying this percentage to the number of reduced price meals anticipated in the current program, and adding the 172 million meals transferred from the free category, reduced price meals may be projected as 453 million, or an increase of 112 million over the current program (i.e., 341 × 8252 + 172 = 453; 453 − 341 = 112).

When the 82.52 percent factor was applied to the 341 million reduced price meals in the current program, the remaining 17.48 percent of 60 million were removed from the reduced price category. It is assumed that 50 percent of the children receiving these meals would continue participation in the paid category and 50 percent would drop out of the program. Thus, 30 million meals would be added to the paid category.

The new projections of rates, meals and costs resulting are shown in Chart IV.

CHART IV

	Total meals for fiscal year 1980 (millions)	Daily participation (millions)	Levels per meal	Cost (millions)
Free	1,310	8.0	106.467	$1,394
Reduced price	453	2.8	86.467	392
Paid	2,328	14.2	26.477	616
Total	4,091	25.0		2,402

Savings equal $141 million.

Additional savings in the School Breakfast and Child Care Food Programs may be expected under these changes in eligibility. Total savings from Adjustment II are shown in Chart V.

CHART V

Program:	*Millions*
NSLP (cash and commodities)	$141
SBP	12
CCFP	9
Commodities	3
Total savings	165

Adjustment III.—Exclusion of Private Sponsors employing private food vendors from participation in the Summer Food Service Program.

There are no existing data which specifically quantify the proportion of the SFSP which is accounted for by private sponsors employing private food vendors. However, data from the summer of 1977 suggest that approximately 50 percent of the meals were provided by vendors and that under 15 percent of the SFSP meals were provided by schools functioning as vendors. On the basis of this information, it is reasonable to assume that at least 35 percent of SFSP meals (and costs) would be eliminated by prohibiting private sponsors who use private vendors. The 35 percent reduction in program size and cost, would result in a $47 million savings in fiscal 1980 based on a projected program level of $135.8 million.

Savings from Adjustment III equal $47 million.

NOTE.—To the extent that public sponsors and vendors (e.g. schools) begin participating or expand their current coverage, savings could be reduced. This is more likely to occur in years beyond fiscal 1980. Also, the Department is considering exempting the following minor categories of sponsors in its legislative proposal in recognition of their good past performance on special needs of the children they serve: (1) private schools employing private vendors, (2) sponsors serving migrant children employing private vendors, and (3) single site sponsors employing private vendors.

Dr. **de Ferranti**. We would like to point out that the Congressional Budget Office independently did estimates of their own, using a different data base, and their results agreed with ours quite closely.

Chairman **Perkins**. Ms. Foreman, aren't you really proposing these cutbacks in the school lunch program because you wanted to increase the WIC program, and because the cost of the food stamp program has skyrocketed, OMB did not give you enough money to make both increases in WIC and food stamps, and to continue the lunch program at its current level. Isn't that the real reason?

Ms. **Foreman**. Mr. Chairman, let me point out that the child nutrition programs are just as subject to the pressures of food price inflation as the food stamp program is. The total amount of money expended for the child nutrition programs in fiscal year 1980 will be substantially above what it is in fiscal year 1979.

I will admit that we were under substantial pressure from the Office of Management and Budget, and from the President himself, and from everything I can tell, from the newspapers, under great pressure to reduce Federal spending. We were required to look at all of the programs.

What we did was to try to go to those that provide the greatest amount of nutritional well-being, and those that provide basic support systems to poor people. We tried not to those programs.

The WIC program, every study indicates, has a substantial payoff in terms of physical and mental well-being of young children, which may increase enormously in terms of its value in the years to come. The child that is born free of mental retardation grows to be an adult without that problem. We think that all the money that we put into the WIC program is terribly important.

Under the food stamp program, at the present time, the benefits are so low, they are made in accordance with the thrifty food plan, and our studies show that fewer than 10 percent of the families living off the thrifty food plan get 100 percent of their recommended daily allowance in nutrients.

Given that, on balance; yes, we went to the child nutrition programs, particularly to the middle- and upper-income children, and said: "On balance, it seems worthwhile to increase their cost $9 per child per year, rather than to reduce these basic nutrition support systems."

The studies we have from the Congressional Budget Office indicate that there is virtually no nutritional impact to middle- and upper-income children as a result of the child nutrition programs. Even if my children are not going to get a federally subsidized lunch, they are going to eat anyway.

Chairman **Perkins**. I am a friend of the WIC program, and the food stamp program, but I don't think that the school lunch program should bear the brunt of the ceilings that OMB put on you. I am going to do all I can to resist it, and I think that we will succeed in this Congress.

The GAO seems to feel that you did not consider all the alternatives when you made these decisions, and that you did not have solid data to make these decisions. How would you respond to those criticisms?

Ms. **Foreman**. Sir, let me say that we have to start cutting the Federal budget somewhere, and everybody seems to want to go to the back of the line when it comes their time to do that. Everybody wants to cut the budget, but everybody wants it to start with someone else's program. It seems that we are going to be faced with that for every budget proposal that we bring before the Congress.

I would like, in terms of response to the General Accounting Office, to turn once again to Dr. de Ferranti.

Dr. **de Ferranti**. While we agree with and in fact welcome the General Accounting Office's recommendation that program evaluation efforts be continued and expanded as expeditiously as possible, we think the General Accounting Office has unwarrantedly overstated the extent and seriousness of the current uncertainty associated with our current budget cuts.

We think that some of the GAO's points are theoretical will-o'-the-wisp, things that are conceivable in theory, but widely improbable in practice. I would like to cite, as an example of that, to Ms. Foreman's point in her testimony about the agricultural impact of these cuts.

In aggregate, these cuts would reduce farm sales by a few hundredths of 1 percent, and the GAO is saying: "Might this possibly have important regional impacts?" We think that this is extremely implausible. As Ms. Foreman noted, even if the cuts were concentrated in one State, which is very unlikely, the impacts on farm sales would still be very minimal.

Chairman **Perkins**. Let me ask the GAO to respond briefly. In the past, the subcommittee has received testimony from a number of witnesses stating the significant relationship between the participation of the paying student, and the economic stability of the school lunch program.

It seems that with every 5-cent increase in the cost of the program to the paying student, there is a corresponding decline in the participation of those students. In your opinion, how do you think the proposed 5-cent cutback of the paying reimbursement will impact the stability of the program?

Mr. **Eschwege**. We agree, we have no reason to disagree with the Department's assessment of the impact. The 5-cent increase, as they point out, will drop 580,000 students from the program, and I think this is correct. We disagree with Dr. de Ferranti's remarks that we have overstated the uncertainty associated with the budget cuts. His only example deals with the reduction in commodity benefits. Dr. de Ferranti misquotes us as stating that the agricultural impact of the budget cuts might have important regional impacts. We simply stated a fact, that "commodity by commodity or regional analysis are not available, so a determination cannot be made as to whether it may impact a particular commodity or region." USDA is able to address only the aggregate impact of the various child nutrition programs on the agricultural economy. Beyond this aggregate number, USDA cannot determine the importance of the child nutrition programs on local and regional economies or upon different commodities.

Chairman **Perkins**. Back in 1976, the GAO, the Department of Commerce and the Congress devoted a great deal of time and effort in drafting legislation that would put a stop to the flagrant abuses that were plaguing the summer feeding program. Do you feel that we have allowed enough time for these remedial measures to take effect, in order to justify the President's proposal to exclude private sponsors and vendors from participating in the program?

Mr. ESCHWEGE. Yes, Mr. Chairman, we did testify before your committee, as you recall, on the summer feeding program, and as a result of that, Public Law 95-166 was enacted. This was back in November 1977, I believe, and since then considerable time has passed.

I would say that the Department did make some improvements in the summer feeding programs, and when we looked at the results of the 1978 review by the Office of Inspector General, there were improvements. There was less abuse and fraud by the private sponsors, but there were still some major problems which have not been overcome, and these involved the preprogram activities to gearup the programs, poorly trained people to run the programs, lack of supervision, ineffective control over the meal ordering; and ineligible meals being claimed.

According to the Inspector General, the problems were more prevalent in those areas where there were vendor purchased meals as opposed to self-prepared meals, which were done largely in the school system.

However, I do want to emphasize that there has been improvements. The regulations were out earlier. There is a revised method of providing for administrative funds to States. But I do sympathize with what Ms. Foreman said, there are still administrative problems and the States are turning back to the Federal Government some of these programs.

We would have liked to see more flexibility available to the Department of Agriculture to provide enough administrative funds to the States, so that in those cases where they can make the case for the need of additional funds, they can be given those over and beyond what the current statute now provides.

Chairman PERKINS. Mr. Buchanan?

Mr. BUCHANAN. Thank you, Mr. Chairman.

Like the chairman, I am a strong supporter of the WIC program, and I support the food stamp program. So you will understand that I make my statement from that general view.

It does seem to me that the child nutrition program is the whipping boy here, and really it is quite distressing.

Let me ask you, on the food stamp program, if you limited the availability of food stamps to the strikers, who hardly are an impoverished category of people in this society, how much would you save?

Mr. GREENSTEIN. Mr. Buchanan, although there is a lot of publicity about this, various studies have found that strikers are about two-tenths of 1 percent of the food stamp recipients. If you eliminated all strikers in an average year, you might be talking about $5 million, or so.

Mr. BUCHANAN. OK. Let me say, first of all, that I doubt that this figure is really that low. Just from my personal knowledge, I doubt that it is that low.

The food stamp program can be looked upon as one program that reaches the poorest, and it may also be looked upon as a subsidy program to mom-and-pop grocery stores that charge entirely too much for food. Have you done any investigation of the prices charged by the stores in which stamps are used, and the concentration of the use of stamps?

Mr. **Greenstein**. We are, in fact, planning such a study right now. Up until now, I believe, one has not been done, but the problem that this creates is that with the flight of supermarkets or the lack of supermarkets in certain areas, many poor people are concentrated in urban areas where they do not have access to the kinds of stores that are in the other parts of cities and suburbs.

Mr. **Buchanan**. The answer is, no, and you made your recommendations without any knowledge of what is happening with the food stamp money. I will tell you, without your study, that what is happening is that this is a subsidy to grocery store owners and substandard stores in many cases, selling substandard foods in many cases, at an exhorbitant price in many cases.

I hope that you will study this, because I am confident that you will find that out when you make such a study.

Ms. **Foreman**. Sir, we think that there may be a problem there, that is why we are studying it. But, obviously, the benefit level is not affected by that. People are getting less food than they should, if that is the case, but the benefit level is still 30 to 35 cents per person per meal, whether you get them at a supermarket at a discount price, or whether at a higher price. So that fact will not have an impact on the total amount of dollars that goes into the food stamp program.

Mr. **Buchanan**. Let me pursue my questions, because I have to go to another committee. I will be back and I will be glad to discuss it with you at length when I come back.

You indicate that you already have the authority under the law where there is fraud and abuse in the food stamp program, and I know that there are those who say that food stamp fraud, waste, and abuse have been exaggerated. I almost never go home without seeing horror stories about abuses of the food stamp program.

Have you ever taken any action in this area, and, if so, what and when?

Ms. **Foreman**. Yes, sir, rather frequently. Last year we filed a gross negligence suit against the State of Massachusetts, and we have collected $1.8 million from the reimbursement rate, or their Federal funding rate as a result of this.

It is not at all uncommon to take action against individuals. One of the problems that we have had is that food stamp fraud is not very sexy stuff for prosecutors, unless it is real big fraud and this tends to be rather small fraud. Therefore, we recommended to the Congress in 1977, and you accepted our recommendation, to allow an administrative hearing, and to allow us to disqualify food stamp recipients as a result of an administrative hearing, and you approved 75 percent Federal reimbursement for the cost of investigation and prosecution of food stamp fraud.

The Congress has taken those steps. It was late 1977, and we are just beginning to operate that program, but you have taken those steps in order to remedy the problems that made it difficult to prosecute food stamp fraud.

Mr. BUCHANAN. It is now a year later.

Mr. Chairman, my time is up, and I have to go. But I would love to ask you about the importance of nutrition education. Somehow we don't seem to have that element mentioned in your considerations. I don't know whether you think there is any value in nutrition education or not.

Ms. FOREMAN. You approved as part of Public Law 95-166 a major nutrition education and training program. It is underway now. We spent $24.6 of the $27 million that was appropriated for that program last year, and virtually every State now has a program underway. But they are just beginning. Once again that is action you took in the fall of 1977.

Chairman PERKINS. Thank you, Mr. Buchanan.

Mr. Kildee?

Mr. KILDEE. Thank you, Mr. Chairman. I have just a statement, and not any questions.

Ms. Foreman, you have been a very great advocate of nutrition programs, and I am very aware of that. So you must not feel very comfortable defending these cuts. I intend to make you feel more comfortable by opposing them.

That is all, Mr. Chairman.

Chairman PERKINS. Mr. Williams?

Mr. WILLIAMS. Thank you, Mr. Chairman.

I was intrigued, Ms. Foreman, by one of your responses to the one of the chairman's questions in which you said, and rightly so, that everyone wants to cut the budget, but everyone wants to go to the back of the line.

In light of that response, I just wonder if you are on the Hill today representing an administration who wants the school children to go to the front of the line, the front of the budget cutting line.

Ms. FOREMAN. Sir, we looked at all of our programs very carefully, and the Department of Agriculture, across the board, has a lot of people standing at the front of the line. We are cutting the food stamp program by being more effective, with cuts on eligibility. We are proposing cuts in our extension program, and we are proposing cuts in our soil conservation program.

For years and years, the most sacrosanct program in the Department of Agriculture has been for meat and poultry, and we have cut 240 jobs in the meat and poultry inspection. No; we are not putting the school children at the front of the line.

Mr. WILLIAMS. Thank you.

Perhaps you, Ms. Foreman, or someone else, could appropriately respond to this. How many millions pounds of beef does USDA intend to purchase this year for use in the school lunch program?

Ms. FOREMAN. About 109 million pounds.

Mr. WILLIAMS. What was it last year?

Ms. FOREMAN. About 119 million pounds, I believe.

Mr. WILLIAMS. What is the reason for the reduction in the purchase of beef?

Ms. FOREMAN. It is costing us more money to buy 109 million pounds than it cost us last year to buy 119 million pounds of beef.

Mr. **Williams**. Thank you.

The difficulty with this is that it will cost the school children a great deal in receiving all of the eight essential aminoacids, which I think are inherent in animal protein, and are not inherent in other proteins. It may cost them a proper amount of iron, zinc, and other minerals in their diet if enough beef is not consumed.

As you know, and have eloquently stated many times, the meat that many thousands of American children consume at school is the only meat that they will have all day. I would encourage you to increase the amount of meat, despite the cost, which is relatively minor, on which to feed our children.

Thank you, Mr. Chairman.

Chairman **Perkins**. Mr. Erdahl.

Mr. **Erdahl**. Thank you, Mr. Chairman.

I have a couple of observations, if I might. I would commend the administration and the President for moving in directions of trying to balance the budget, and cut expenditures. But I think what many of us on this committee, and many of us in the country question is priorities.

Here we sit on this committee today figuring that we can save some money by cutting a nickel off a lunch, and 7 cents off a half a pint of milk, and right around the hall, we have the same administration advocating billions and billions of increased expenditures for weapons of destruction. Maybe that is more of an indictment on our whole society than it is on our President, but this is something that we, as a committee, and we, as Congress, must consider, and also to put into perspective.

If your figures are right, you estimate that we could save $146 million year by changes in the school lunch program, and $110 million in changes in the special milk program. Yet, we realize, and I admit that what you are trying to get at is this national debt. The administration projects that the interest on this national debt, which does not come from subsidizing lunches, or providing 7 cents for milk, will be $156 million a day.

So I think that in some ways we are pursuing the wrong villain.

Another thing that was mentioned in the GAO study, and I quote from the gentleman's paper, "The special milk program would go from $142 million to $32 million, a 77.5 percent drop," and the other phrase that caught my eye: "The Department estimates that the revisions will result in about 1.1 million of the 26.1 million participants dropping out of the program."

Ms. Foreman, in your presentation today—I commend you for being candid and direct—you talked about, I caught some key phrases, modest reductions, tiny decreases, and I suppose on a percentage basis it is 4.2 percent. But I think it does affect a significant number of children, and if it affects one child adversely, this should not escape our attention.

I think that other members of the committee have some reservations, and I join them. I would urge the administration to be looking at the entire budget, and not be picking on this one area.

I have just one comment, if I might, Mr. Chairman.

It was mentioned by the GAO study that the two objectives of this nutrition program, the milk program, and the others, was for nutritional and agricultural benefits.

I happen to be a farmer, and represent a dairy region. Perhaps I am the only one on the committee who has milked a few cows, or a lot of cows. I would hope that we would put it in the proper perspective, and say that the objective of these subsidies would be for nutritional benefits. If there are some benefits that flow to agriculture, it would be byproducts and not our main objective.

Thank you very much for giving me the opportunity to make those few observations, Mr. Chairman.

Chairman **Perkins**. I want to thank the gentleman for his remarks, because we worked many years to build and construct what we thought was a solid foundation for the school lunch program. We have a few programs that will expire, but we do not have to renew them until next year, and we are not going to renew them until next year because we want the people that are interested in the school lunch program in this country to educate Carl Perkins and other Congressmen on the value of these programs throughout this country.

You are going to have time to get around, and talk to your Congressmen before we take final action on this program next year. I just don't want to see something cut back when there is no necessity, even though the expenditures are great, they are 34 percent greater in the foreign fields this year than ever before.

I just think that it is unjust to let the school lunch program bear the whole brunt of this ceiling insofar as the Department of Agriculture is concerned, and we are going to do our best to protect the program.

Mr. Hinson?

Mr. **Hinson**. Thank you, Mr. Chairman.

Ms. Forman, my question has to do with the so-called formulated grain food products. Some people call them super doughnuts, or such items.

Section 6(d) of the Child Nutrition Amendments of 1978 postponed for this school year any action by the Secretary to limit or prohibit the use of these products. They are currently approved for use in the breakfast school program. It further directs the Secretary, and I am quoting now:

> To consult experts in child nutrition, industry representatives, and school food service personnel, and school administrators including personnel, and administrators in schools using such products with respect to their continued use.

Where are you in the process of these consultations, and can you supply the committee with a list of the individuals who are being consulted together with the manufacturers, and so forth, that they represent?

Ms. **Foreman**. We received, in addition to direction from Congress, a report from the General Accounting Office, which made some recommendations about formulated grain food products. We have both of those under consideration as we attempt to draft the new proposed regulations in that field.

Mr. **Hinson**. I don't believe that you answered my question, Ms. Foreman.

I am concerned with who. Is the list available, or can the Department provide us with a list?

Ms. **Foreman**. The consultation will take place before we take any action, Congressman. We have taken no action.

Mr. HINSON. Thank you.

There has been no consultation as required by the act. Is that correct?

Ms. FOREMAN. I would want to check that with the agency, and if there has been, we will submit it for the record.

Mr. GREENSTEIN. Could I add briefly to that?

I had some discussion with minority counsel during the drafting of this provision. As I understand it, the provision required that before any final regulations would be issued, there would be consultation. Our plan is to go farther than that, to withdraw the proposed regulation that is now out there, and to entirely repropose a new regulation, and to have entirely full scale consultations in conjunction with that.

Mr. HINSON. Thank you.

I would like to stress to you the mandate of the law, that genuine consultations be conducted, and a complete restudy of this issue.

Mr. GREENSTEIN. This will be done.

Mr. HINSON. This is an urgent matter, and I think you should make a decision very soon relating to it, or reassuring the schools that they can use the product for another year. This is a particular problem when relating to such things as innercity schools, where preparation problems are great.

I have one other question, and this is also for Ms. Foreman. The gentleman from the GAO talked a little while ago, and quoting very briefly, he said: "Prior recommendations to make comprehensive evaluations of child nutrition programs have not been acted upon."

It seems to me that simple good management mandates a continued evaluation of these programs, to determine their effectiveness, and whether the benefits intended are reaching the children for whom they are intended.

Why hasn't this evaluation been conducted? I think you indicated earlier that the figures that you based your remarks on are not entirely reliable. You cannot verify them in the detail that they should be verified.

Can you give me a reason why this evaluation has not been conducted?

Ms. FOREMAN. Sir, I would like to tell you that virtually the first thing that we did when we came to the Department of Agriculture, we found that there was no systematic program in the Food and Nutrition Service for program evaluation. That there had never been adequate staff there, despite the fact that the budget was quite large.

We have created such a staff, and built it. Dr. de Ferranti is now with us, and has begun many of the evaluations which we agree with you desperately need to be done, and have been ignored over the past several years, as these programs grew.

We do run into some difficulties in conducting some of these evaluations, and I would like for Dr. de Ferranti to describe to you what some of those difficulties that we run into are, because I think that they are of importance to this committee.

Dr. DE FERRANTI. First, I would like to say that Congress directed the Department in 1973 to do studies evaluating the child nutrition programs. Those studies were done, and transmitted to Congress.

I think some of the concerns that the General Accounting Office is raising about those studies, and program evaluation efforts generally, arise out of two main problems: One is the time it takes to do a proper evaluation. I think if you consult with members of the academic communities, the authorities that have experience in this area, they will say you just cannot do an evaluation of the nutritional impact and other aspects of these programs in a matter of 6 months.

The Department has been limited in the past, by the congressional directives mandating due dates for the studies to time frames that were too short. There was simply not enough time to go out there, collect the data, analyze it carefully, and hence do the kind of study that I think Congress and everyone would like to see done.

Furthermore, time is a concern not just from the analysis standpoint, but also from the standpoint of the schools participating in the studies. They need time to enable the evaluators to come in and collect data, and identify who should be responding, what kinds of questions should be asked, and so on.

So we have to allow time for State and local officials to make adequate preparations.

The other major constraint is money. It is just not possible to do a good quality study when there is no money available to do it. In some cases, in the past, when we had a directive to do a study, but no money, the effort could not achieve as much as was intended.

I am certainly committed personally, and we have a number of new people in our staff now, who are also committed professionally. I hope we will be able to work to get both of these constraints—time and money—to be no longer problems.

Chairman PERKINS. Let me thank the panel. You have been very helpful to the committee. We thank all of you.

Our next witnesses are Johanna McCabe, president, American School Food Service Association; Jane Wynn, chairman, Legislation and Legislative Policy Development Committee, American School Food Service Association; T. G. Smith, chairman of the State directors, American School Food Service Association; Margaret Lorber, director, school food advocacy project, the Children's Foundation; Grace Baisinger, president, Parents Teachers Association; Susan Fridy, director, consumer and nutrition programs, National Milk Producers Association.

We will start with Ms. McCabe.

STATEMENT OF JOHANNA McCABE, PRESIDENT, AMERICAN FOOD SERVICE ASSOCIATION

Mrs. McCABE. Mr. Chairman, I am Johanna McCabe, president of the School Food Services Administration, and a supervisor of food service for the city of Patterson, N.J.

The American School Food Service Association has 70,000 members who represent all facets of school food service operations—Federal, State and local.

At the outset, I would like to express my appreciation for this opportunity to testify before the House Education Committee, and to thank you for your longstanding support for child nutrition and for your leadership in this field.

I am here today to testify on the administration's proposed fiscal year 1980 budget for the national school lunch and child nutrition programs. The administration proposes legislative changes and appropriations reductions which would cut funding of the programs by $528 million through decreasing the level of Federal support and decreasing the number of children participating in the programs.

Mr. Chairman, the child nutrition and school feeding programs have been very successful over the years. This is due to the solid commitment of Congress since the inception of the national school lunch program in 1946 which has enabled us to expand the programs and to serve more children the nutritious meals they need to do their best work in school.

Chairman PERKINS. Without objection, all of the prepared statements of the witnesses will be inserted in the record as though delivered in full, and to conserve time, let me ask you to please summarize your statements.

Go ahead.

Ms. MCCABE. The educational and social philosophy which forms the foundation for our country's investment in the programs has been and continues to be the protection and promotion of the health of the Nation's future—it is our school children.

This has come about because of the increasing awareness of the relationship between proper nutrition and educational achievement in the school setting, and because of the expansion of the programs which provide equal access to all children.

American School Food Service Association is deeply concerned that the administration's budget cutbacks would endanger the solid foundation which has carefully been built over the past 33 years.

We recognize the need to review programs which are supported with Federal funds, particularly during tight budget times. We understand, both as an association and as individual taxpayers, the need to economize in Federal spending and to reduce the Federal deficit. But we are very concerned that anything that is done should enhance and improve the programs and not reduce the number of children who can participate and, therefore, benefit from them.

It is our position that any substantial program changes should be carefully reviewed to determine their impact before being implemented. The GAO report has substantiated this feeling that there is still not enough information available which would make it possible to assess fully what the overall effects would be.

It is important to keep in mind that we are talking about programs which are by no means only federally supported. The school lunch program particularly is the product of a unique Federal, State, and local cooperative effort with far better local support than most Federal programs ever achieve.

In most areas, the State and local support exceeds 50 percent of the total, with a large portion coming from the paying child. It is an investment which should be encouraged, not discouraged.

Mr. Chairman, we want to reiterate that it has been our longstanding position, everything else being equal, that it is in the

Nation's best interest to expand school lunch and other child feeding programs because they are one of the best investments in education and health that we have ever made or ever will make.

Obviously, this is not the right time to seek a significantly higher expenditure of Federal funds, but neither do we believe that it is the time to take steps backward which is what we feel will happen if the budget cuts suggested by the administration are made.

Mr. Chairman, the legislation which you have introduced in this Congress, H.R. 27, is the kind of responsible, positive step forward which is most welcome in the charged atmosphere of the administration's attempts to cut funding and participation in the child nutrition programs.

We believe that H.R. 27 is a very important piece of legislation. It places child nutrition programs on a workable review schedule for the first time. This will allow the opportunity for broadbased congressional review which can be planned and coordinated well in advance, and it will allow program administrators to concentrate on program management rather than implementing new regulations each year.

In addition, at a time when many people are taking only a shortsighted view, it demonstrates the kind of long-range commitment to the programs and to the Nation's children which is so important to America's future.

The American School Food Service Association fully supports H.R. 27, and applauds your efforts.

I would now like to turn our testimony over to Mrs. Jane Wynn, and to Mr. T. G. Smith, who will address a number of specific issues raised by the administration's budget proposals.

Mr. Chairman, thank you for affording us the opportunity to testify on these matters of great concern.

Chairman **Perkins**. Thank you.

STATEMENT OF JANE WYNN, CHAIRMAN, LEGISLATION AND POLICY DEVELOPMENT COMMITTEE, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION

Ms. **Wynn**. Mr. Chairman, I am Jane Wynn, chairman of the legislation and legislative policy development committee of the American School Food Service Association, and program analyst for Broward County, Fla.

As Ms. McCabe has told you, we are very concerned about the possible adverse effects which the President's child nutrition cuts could have on the operation of the programs. T. G. Smith and I will briefly outline some of those effects, which we fear the President's proposals could have.

First, the administration proposes new legislation which would cut the rate of reimbursement for lunches served to paying children by 5 cents per lunch—a slash of almost one-third of the current level of support.

The administration projects savings of $146 million through this reduction. Reports from our members indicate that the immediate effect of this cut would be an increase in the price of the paying child's lunch of at least 5 cents.

States and school districts would simply be unable to absorb this reduction and would have to pass it along to the school children.

And because of inflation, and particularly the rising cost of food and increasing labor costs, many operators and State directors report that there would have to be an increase in the price of a lunch by at least 10 cents.

We have received these reports from all types of operations, from suburban communities such as Broken Arrow, Okla., to large industrial cities such as Rochester and Newark, and States such as Kansas and Missouri.

The State of Georgia anticipates the result would be an increase of 13 cents, reflecting a 9-percent increase for inflation plus offsetting the reimbursement reduction. Iowa anticipates it would be even more.

What would this mean? Current studies and experience in the field indicate that as prices increase, participation decreases. USDA projects that a participation decrease of 4 percent would result from the 5-cent reimbursement reduction. But theirs is a projection made without the benefit of the careful, large-scale price-participation studies which such an important policy change demands.

Reports of our members, based on experience with the program, project even greater participation dropoffs. Rochester, N.Y., for example, estimates a 15-percent reduction in its paying student participation, or about 1,000 students each day. Denver, Colo., anticipates a reduction of 25 percent, based on its historical experience.

USDA's assumptions could be right, but they could be wrong. If they are wrong, cutting back on serving nutritious meals to school children and curtailing the school lunch program would be a terrible way to find out.

The people who would feel this squeeze the most are the blue collar families who are already hardest hit by the ravages of inflation and the impact of local, State, and Federal taxes. The upper-income family could absorb a price increase of 5 cents or more. They would not drop out of the program. But for working-class families, and I am referring to families with incomes between $12,000 and $25,000, it would be another matter.

They would face the no-win situation of having to pay higher prices for lunches for each child in school, and cutback elsewhere in their budgets, or else drop out of the program and provide their children with bag lunches in the face of food prices expected to rise by 13 percent this year. These are the same families who pay the bulk of taxes to the Government.

Our efforts have been to eliminate any identification or discrimination of needy students—but sale price increases will eventually result in paying students bringing lunches from home, or purchasing from an a la carte line, while needy students receive their lunch from the type A line.

I do not believe these dropouts from the lunch program will necessarily receive a nutritional adequate substitute. We know from studies conducted, that nutrition and health problems are present in some children regardless of income levels.

Participation decreases could also have other serious long-range effects. It is important to realize that there is a point at which many school districts may close down their lunch programs altogether if the participation of the paying child declines significantly. Only a few States have laws requiring lunch programs. If programs were to close, all children and particularly the most needy children would truly lose out.

We also have to recognize that decreases in participation will mean that many food service workers will almost surely lose their jobs. Just to give a few examples, Milwaukee and Oklahoma City project that as many as 100 employees would be laid off as a result of the 5-cent reimbursement reduction and the President's other cuts.

Mobile County, Ala., estimates that about 115 employees would lose their jobs, and Prince Georges County, Md., reports that as many as 150 employees might be forced out of work.

Mr. Chairman, allow me to say that the administration's proposals might appear to provide short-term benefits now—but they may prove to be seriously detrimental only a short way down the road.

Before turning the testimony over to Mr. T. G. Smith, I would also like to express my appreciation for H.R. 27. Those of us who administer programs at the local and State level welcome the opportunity to have some degree of stability that we could achieve if we were not constantly receiving revised regulations, or new regulations.

Thank you, Mr. Chairman.

STATEMENT OF T. G. SMITH, CHAIRMAN, STATE DIRECTORS SECTION, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION, AND COORDINATOR OF SCHOOL FOOD SERVICES FOR THE STATE OF ALABAMA

Mr. SMITH. I am T. G. Smith, chairman of the State directors section of the American School Food Service Association, and coordinator of school food services for the State of Alabama.

Mrs. Wynn has discussed the potential impact of the President's proposal to cut reimbursement of lunches served to the paying child by 5 cents. I would like to comment briefly on other proposed administration cuts in the child nutrition programs.

The administration proposes new legislation which would tighten eligibility requirements for free and reduced-priced meals in the lunch, breakfast, and child-care food programs. These would be rolled back from 125 percent of income poverty guidelines to 100 percent for free meals and from 195 percent to 175 percent for reduced-priced meals. The administration projects that this would save $165 million through reduced Federal cash and commodity support, and through decreases in program participation.

We simply ask—at what cost?

If USDA projections are accurate, the effects of these changes on the participation of needy children could be devastation. USDA estimates that one-fourth of those in the 100-125 percent category will drop out of the lunch program, and one-half of those in the 175-195 percent range will drop out.

The State of Georgia projects that the tightened standards would eliminate at least 20,000 pupils daily from the lunch program. Many city and county school districts anticipate total free and reduced-priced participation to decline by 25 percent or more.

These are children for whom a nutritious lunch cannot be considered a disposable luxury. Many children will stop eating what could be the only truly nutritious meal they have all day. Their school work could suffer. Who would be hurt the most?

As seems to be the rage so often these days, it would be the lower income working family which is least able to bear the burden.

Actually, the administration does not really know what the effect would be. Its dropout projections are pure guesswork. The reality might be even worse. Additionally, participation decreases could have serious spinoff effects.

The administration does not project decreases in breakfast program participation as a result of these cuts. Breakfast program expansion and outreach have been important goals of this administration, and rightly so. But it is important to recognize that the administration's efforts to cut back on Federal support for the child nutrition programs can only discourage school districts from initiating a new breakfast program. The investment simply appears too risky.

Mr. Chairman, we are also concerned about the administration's proposal to cut funding for nutrition and training by nearly 25 percent of current levels. It is particularly disappointing that the administration proposes to do this without even waiting for the results of its current nutrition education studies and demonstration projects.

This indicates a lack of appreciation for the importance of the issue. Our future health is inextricably tied to nutrition. It is imperative that we maintain a strong commitment in this area, and that we utilize the living laboratory of the school lunchroom to bring this crucial component of education to the Nation's children.

Another area I would like to comment on is the summer feeding program. The administration proposes new legislation which would result in program cutbacks of $47 million and participation decreases of some 900,000 children—about one-third of those currently served.

We recognize that the program has been beset by serious problems. In some places, significant fraud and abuse have been reported. But we feel that the administration's drastic proposal would be counterproductive. We support the feeding of children who need nutritious meals. It does not make sense to make them pay for other people's failures and mistakes.

Not enough needy kids are being served now; 11.5 million children receive free or reduced-price school lunches, but only 2.6 million receive meals in the summer.

The administration proposes to cut an already cut program. It would create serious pressure for public schools to fill the void, but public schools as a rule are currently unable to pick up the slack. We do not feel that this is the proper way to get at the problem of fraud and abuse. Strict enforcement of tough regulations is a better means.

Testimony presented to the Senate Nutrition Subcommittee on the administration's fiscal year 1980 budget proposal on February 27, 1979, on behalf of the General Accounting Office, indicated that the primary basis for the proposed budget cuts in the summer food program is the high level of frauds and program abuse. The summer feeding program is, without doubt, the most difficult program to administer at the State level.

We concur with the Department's efforts to encourage more schools to participate in the summer food program. The incentive—raising reimbursement rates for administrative costs incurred by those sponsors who prepare their own meals or who service rural areas—is highly commendable. This is a basic concept that could be used to improve all child feeding programs.

Before concluding, Mr. Chairman, I would like to inform you that ASFSA opposes the administration's proposal to reduce the appropriation for equipment assistance funding by 17 percent to $20 million. Again, this is a cut from an already cut program, and can hardly serve to encourage program expansion.

We also think that the administration's proposal to cut appropriations for the special milk program by $110 million should be carefully evaluated. There are legitimate questions about the necessity for current coverage, and it may make sense to set up criteria for the continued availability of special milk.

However, we are concerned that the full impact of such a major program reduction as that proposed by the administration should be carefully ascertained before full implementation.

Mr. Chairman, ASFSA supports H.R. 27, to extend authorization for appropriations through fiscal year 1985 for the summer food program, the commodity distribution program, food service equipment assistance program, aid and administrative expense, WIC, and the nutrition education and training program. We applaud you, Congressman Perkins, for your farsighted efforts to place these programs on an intelligent review schedule, similar to that applied to other programs. This will allow the opportunity for broad-based congressional review which can be placed and coordinated well in advance. This will take the child nutrition program out of the year-in and year-out haggling we have been going through in recent years.

The administration and the General Accounting Office presented testimony to the Senate Nutrition Subcommittee on February 27, 1979, stating that they do not know how the proposed budget cuts will affect the child feeding programs.

I submit to you today that the health and well-being of our Nation's children should not be jeopardized until such time that the Department of Agriculture can produce hard data for Congress to consider very carefully. It is a known fact that expenditures in child nutrition programs are an investment in the future.

Mr. Chairman, this concludes our testimony. Let me thank you for the opportunity that you have given us to come before the subcommittee and express the views of the American School Food Service Association.

We would be glad to answer any questions that you may have.

Chairman **Perkins**. Thank you very much.

Go ahead, Ms. Lorber.

[The prepared statement of Margaret Lorber follows:]

STATEMENT OF MARGARET LORBER, DIRECTOR, SCHOOL FOOD ADVOCACY PROJECT, THE CHILDREN'S FOUNDATION

Mr. Chairman and Members of the Committee: My name is Margaret Lorber. I am pleased to be here today representing The Children's Foundation, a national anti-hunger advocacy organization that monitors federal food programs for children. We have worked closely with members of your committee in the past to shape legislation that best meets the needs of America's children. We feel compelled to communicate with you at this time regarding President Carter's proposed budget for fiscal year 1980 and its disastrous implications for the child nutrition programs.

As Director of the Foundation's School Food Advocacy Project, I am particularly disturbed by the proposed lowering of the Free and Reduced Price Eligibility Guidelines from 125 percent to 100 percent of poverty and from 195 percent to 175 percent, respectively, as well as by the proposed 5 cent reduction in the federal reimbursement for the paying child. I am opposed to these measures for two reasons. First, they strengthen an already unfortunate tendency to view the school food programs as welfare programs having nothing to do with a child's education and development. Second, they exclude millions of potential participants from the free and recuced price categories.

At this time, although perhaps as many as 7 million children live in families with incomes between 125 and 195 percent of poverty, less than 1 million are taking advantage of the reduced price lunch program at school. This is because not enough care is taken to protect the identity of the free and reduced price participants, and these children don't want to be labeled as "needy." So instead of paying 10 to 20 cents for a nutritious hot lunch, they spend 25 cents for candy or potato chips.

The Hunger Task force of Ohio is studying this problem in their state. Many schools in Ohio have separate lines—one for the USDA approved lunch and another for snack foods. As they explain it:

"It is the 'in' thing to be seen standing in the snack line and actually putting down money for food. Students in the Type A line accepting the free lunches are subject to ridicule of fellow students.

"One large inner city high school with an enrollment of 1,700 is serving 65 free lunches, and no reduced price lunches, daily. Given the poverty profile of the community from which this school draws its students, it is safe to assume that 85 percent of those enrolled are eligible for free lunches and the rest would be eligible for reduced price."

The findings of our recent study, "Barriers to School Breakfast," were similar. the State School Food Director in Montana told our investigator that less than half of Montana's eligible farm children applied for free or reduced price meals at school because they didn't want to be identified as "needy." The School Food Director in Phoenix, Arizona, estimated that 4,700 children who were eligible for free and reduced price meals in 1976, didn't apply for the same reason.

We believe that this situation is not peculiar to Ohio, Montana and Arizona, but exists all over the country and is especially effective at keeping reduced price participation very low. Thus, we would recommend that instead of looking for ways to cut back eligibility, USDA needs to spend some time working out new procedures that encourage those who are eligible to participate.

If the new guidelines go into effect, I estimate on the basis of the Current Population Survey of 1976 (U.S. Census Bureau) that around 2.5 million children will lose free meal eligibility and another 2.5 million will loss reduced price eligibility. I am talking about potentially eligible children which includes those who are not currently taking advantage of the programs.

Families losing free benefits will be able to get the reduced price meals costing them $27 per child per year for breakfast and lunch. Those leading the reduced price benefits would be harder hit especially with the additional 5 cent price hike caused by the 5 cent reduction in the federal reimbursement for the paying child. These families will have to pay an additional $126 per child per year to participate in the school lunch and breakfast program.

Let's look at what this means for a family of four living at 195 percent of poverty. This family would be earning $12,660 a year. According to the cost of living data from the U.S. Department of Labor, a family of four with that income would spend its entire earnings on necessities, as shown below, and would having nothing left for savings.

Food	$3,798
Housing	2,532
Medical	1,177
Clothing	1,000
Transportation (no car)	962
Furniture	620
Other family items (e.g. insurance)	569
Personal care	329
Social security and disability	759
Income tax	860
Total	12,606

If we look at the figures for things like clothing and furniture we can see that this family will be buying very little given today's prices. That savings of $126 per child or $252 for two children in this case, is a third of the year's furniture budget and a fourth of the year's clothing budget. Why should this family be asked to pay the regular price for school meals when it so obviously needs to pay less?

It is hard to believe that the hardships these proposals will cause are worth the $283 million in projected savings. When we consider that $283 million represents about 17½ hours worth of Carter's recommended military budget, it seems even more ridiculous.

We recognize the need to search for ways to economize and eliminate waste. We would suggest that in order to tackle these problems in the school meals programs, the Department of Agriculture needs to monitor the states more closely than it has done in the past. President Carter's attempt to economize and cut out waste by heightening discrimination and reducing services is reprehensible and immoral and contradicts the goals that your committee has been working toward for the past several decades.

STATEMENT OF MARGARET LORBER, DIRECTOR, SCHOOL FOOD ADVOCACY PROJECT, THE CHILDREN'S FOUNDATION

Ms. **Lorber**. Good morning, Mr. Chairman, and good morning, members of the committee: I am Margaret Lorber, and I am the director of the school food advocacy project of the Children's Foundation, and I am very grateful to have been invited to testify before you on behalf of President Carter's budget cuts on the child nutrition programs.

I have submitted written testimony to the committee. Therefore, I will summarize it as briefly as possible, and highlight some of the points that I have made in the testimony.

As director of the foundation's school food advocacy project, my chief concerns about Mr. Carter's cuts have to do with the reduced eligibility standards, and the nickel reduction for the reimbursement to the paying child. I would like to point out that the Children's Foundation has been giving technical assistance to community groups around the country for the past 10 years, and in this time we have visited many, many communities around the States, and particularly during the last year, I made several trips to the Midwest and the Southeast, observing programs, and seeing how they operate.

The two things that disturb us the most about the eligibility guideline reduction and the reduction of Federal reimbursement are, first of all, the strengthening of the already unfortunate tendency that exists to view the school food programs as welfare programs, having nothing to do with the education and development of children.

I think that one thing that people don't often think about is the potential that the school feeding program has for offering food and sustenance and education in a totally welfare free setting, where children can be with their peers and not identified in any way as an AFDC recipient or food stamp recipient, but this is not always taken advantage of.

Now, the fact that we are going to make it necessary to be poorer to receive this food, is going to have the effect of identifying those children who are receiving welfare benefits.

We often think that because 90 percent of the schools around the country offer the school lunch program that, in fact, it is a far reaching program, but if we look at the statistics, we see that out of 90 percent of the schools that offer the school lunch program, only 50 or 60 percent of the students are participating in that program.

If we look closer at the free and reduced price participation, we see that, in fact, perhaps only 5 or 6 million children that would be eligible for the reduced price participation, only around 1 million children are taking advantage of that program. We have to ask ourselves, why is this?

If I can give you a few examples of why we think this is taking place. In the State of Ohio, the hunger task force has done a study throughout the State trying to examine what is going on in the school, and whether it is discouraging from participating in the free or reduced-price lunch.

In one inner-city school in Columbus, they found that 1,700 students from a very high poverty area, where they estimated that perhaps as many as 85 percent of the students would be eligible for free meals, and 15 percent would be eligible for reduced price. Out of 1,700 students, 65 are taking advantage of the free lunch.

Why is this? It is because in many schools in Ohio, they have USDA type A meal served in one line, and snack foods, or a la carte foods served in another line. It becomes a question of prestige to put your money down for a nice piece of cake, as opposed to getting a hot nutritious lunch, but being pointed out as a needy kid.

This is the type of thing that is taking place.

In Montana, we were told by the State school food director a year ago, when we were carrying out a survey that we did, that he estimated that perhaps as many as half of the children who live on farms in rural Montana, who would be eligible for the free and reduced price meals would not apply for those meals because they do not want to be labeled as needy children. The same thing was told to us by the school food director in Phoenix, Ariz. She figured out that as many as 4,700 children in the city of Phoenix were not taking advantage of the program because they were afraid to be labeled as needy children.

The point that I would like to make out of all this is that I think it is really unfortunate that at this time, we are looking for ways to cut children out of the program, when, in fact, we should be looking for ways to make sure that all of those children, who are eligible, are participating in the program.

What this means is that the Department of Agriculture has to look for ways to safeguard the anonymity of the children who want to participate in the free and reduced price meal program.

The second point that I would like to make has got to do with the number of children that will no longer be eligible for the school food program if the free and reduced price meal standards are lowered

The estimates that I have seen so far about the numbers of children losing benefits tend not to look at the millions of children who don't yet take advantage of the program. What they tend to do is say, "Well, we estimate that 1 million children who now have benefits, will lose benefits, or will get reduced benefits."

But as I am pointing out, in Ohio, Montana, Arizona, and many other States as well, there are children that have not yet begun to take advantage of these benefits.

The data that I had was not the best. I called the Census Bureau, and got the most recent statistics they could give me from the current population survey of 1976, and on the basis of that, I figured out how many children were living in families of 195 percent of poverty, and 175 percent, and so on. I calculated that approximately 2.5 million children would no longer be eligible for the reduced-price meal, if the new guidelines went into effect, and another 2.5 million children would no longer be eligible for the free meals.

Now, as we all know, the child who is getting the free meal, who will be getting a reduced price meal, will only have to pay perhaps 10 cents for a meal as opposed to nothing. But for the family, it will mean an additional $27 a year.

But for those families that were getting a reduced price meal, and now must go to the full price, we are talking more in the neighborhood of $125 or $130 a year.

I started thinking about this, and thinking, well, who are these wealthy families that we think are so well off that they have to tighten their belt and shell out $125 a year. So I called the Labor Department, and I asked them if they had any breakout on income and expenditures, and just what would a family earning between $12,000 and $13,000 a year spend in a year's time on household expenses, et cetera.

The facts they gave me indicate that at the end of the year, the entire salary will be spent on necessities. There will be no savings whatsoever. If you look at the $125 for, let us say, a family of four, that is $250, and fit that, and see where that fits in their budget, you will see that this is one-third of their furniture budget for the year; it is one-fourth of their clothing budget for the whole year. So this is clearly a sizable chunk of money that a family of four earning between $12,000 and $13,000 a year would not like to give up, if they don't have to.

So, once again, I think that it is an unfortunate time when we are asking people to tighten their belt, when they are already tightening them just about as tight as they will go.

Those are my major two points. I would like to say that we have worked with this committee for the past 10 years, and we know the goals of the committee have been very much in common with the goals of the Children's Foundation.

The kinds of savings that we are talking about here are in the neighborhood of $300 million. When you think about that in terms of the budget as a whole—an example that I would like to use, the portion that would be spent on the military machine, the defense budget. To me it seems illogical.

It seems to go against all the goals of the committee as they have been expressed over the years, and we are pretty confident that you are going to agree with us on this.

Thank you very much, Mr. Chairman.

Chairman **Perkins**. Ladies and gentlemen, you are all here this morning telling the House Committee on Education and Labor what a great program you have got, and it is a great program. If I were you, I would see every Member of the U.S. Congress and tell them what a great program it is. [Applause.]

Our next witness is Grace Baisinger, president, Parents Teachers Association.

STATEMENT OF MADELYN WILLS, CHAIRMAN, COMMISSION ON HEALTH AND WELFARE, NATIONAL CONGRESS OF PARENTS AND TEACHERS

Ms. **Wills**. Mr. Chairman, and members of the committee: I am Madelyn Wills, chairman of the health and welfare commission of the National PTA, speaking today for the president of the National PTA, Grace Baisinger. I have with me Dr. David Stratman, the director of our governmental relations office here in Washington, who will be glad to answer any questions at any time.

I am pleased at the opportunity to appear before this subcommittee, and particularly, Mr. Chairman, to express to you on behalf of the parents of the Nation's children our thanks for your continued support in the area of child nutrition. We are most grateful to you, sir.

Chairman **Perkins**. You must tell your Parent and Teachers Association what a good program you have got, and help to sell it.

Ms. **Wills**. We intend to do it.

I want to express on behalf of the PTA and its 6.5 million members our opposition to certain legislative changes which the administration has proposed for child nutrition programs in its 1980 budget.

The administration's food and nutrition service 1980 budget proposes cuts of $527 million from the child nutrition program. Now at the very time inflation is hurting families the most, the U.S. Department of Agriculture would make school lunches more costly or less available to students in need through:

One, lowering eligibility for free and reduced price meals; two, lowering reimbursement for paid school lunches; three, reducing the special milk program; and four, other additional cuts.

We understand the strictures under which the USDA is operating, as the administration strives to balance the budget. But the very argument which the food and nutrition service has raised in justifying its cost-cutting measures are the arguments which require that nourishing school lunches not be made more expensive or less available to students.

As Mrs. Carol Tucker Foreman, Assistant Secretary of the Department of Agriculture, recently testified before the Senate Subcommittee on Nutrition:

> Economic conditions are driving up the costs of the food programs. Rapidly escalating food prices alone, projected to be 8 to 10 percent in 1980, and add over $800 million to the 1980 FNS budget. Projected increases in unemployment add further costs.

Of the many areas of rapid price rises in the present inflationary economy, the costs of basic foodstuffs are among the most rapid. Since food costs represent a far higher proportion of expenditures in the budgets of poor families and families with modest incomes, these families are the hardest hit by rising food costs.

These are also the families whose children are the principal beneficiaries of free and reduced cost school lunches and other child nutrition programs. In other words, precisely at the time when changing economic conditions are creating a greater need for these child nutrition programs, they will be taken out of the reach of those children who need them.

The National PTA opposes lowering the eligibility for free and reduced price meals. The proposed FNS budget for fiscal year 1980 would lower the family income at which children are eligible for free school meals from 125 percent of poverty to 100 percent of poverty, and would set eligibility for reduced price meals at 175 percent of poverty instead of 195 percent of poverty.

According to USDA, these changes would deprive about 1.4 million children of free school lunches, and about 700,000 children would lose their reduced price lunches and either pay full price or not eat a school lunch at all.

FNS has referred to these eligibility changes as a "modest downward revision." The downward change which affects the greatest number of children in this case, those who subsist just above the poverty line, could hardly be called modest, however.

The change from 125 percent to 100 percent of poverty is a change of 20 percent. If an inflation rate of 8 to 10 percent is factored in, the modest revision, becomes a drastic change of nearly 30 percent, directed at children.

It is estimated that, if those children who are presently eligible for free lunches but are not now participating in the program are included, approximately 2.5 million needy children will lose their eligibility for free school lunches by this measure.

The second area of PTA concern is the lowering of reimbursement of paid school lunches. The administration budget would cut 5 cents from the reimbursement paid to schools for lunches served to nonneedy students, thus driving up the cost to schools and presumably to students for these lunches.

This change would come at about the same time that the cost of school lunches would be increased by a 50-percent increase in this amount of protein required to be served in type A lunches, from 2 to 3 ounces. The American School Food Service Association predicts a 5-cent to 10-cent price rise for students and a 25-percent drop in participation from the reimbursement change alone.

The National PTA is further concerned with the proposed reductions in the special milk program of $110 million. The FNS budget proposes to limit the special milk program to schools that do not have a federally subsidized meal program.

This change would amount to a cut of 77 percent in the special milk program. This affects largely the children who bring their lunch from home and buy only milk. Their milk was subsidized under this program.

According to FNS studies, most of the children now participating in the special milk program would continue to purchase milk. They would simply have to pay about 7 cents more per half pint. But the studies indicate a loss of about 38 percent, measured in milk consumption, from this program if the guideline is adopted.

Since, presumably, the main factor preventing the purchase of this amount of milk is the 7-cent increase in cost, indications are that again it is the families with the most limited resources who will suffer most under this change.

Ten years ago, medical researchers and Members of Congress discovered that hunger and malnutrition were far more widespread among America's poor than had been realized. Since then, we have made substantial progress to improve those conditions.

Our basic principle should not be to turn the clock back on this vital work. Those programs with the most substantial nutritional impact should not be cut but be supported and maintained, since there is a significant correlation between good nutrition, sound physical and mental health, and the ability of children to perform their school work.

Mr. Chairman, the school lunch program has been in existence for three decades. These programs are an important part of the daily nourishment for many children. National PTA worked hard to help bring these programs into being, and continues to work for their improvement.

Even where the proposed cuts are modest, we do not wish to see these programs chipped away at. Now is the least suitable time to make adequate nutrition more expensive or less available to children or families.

If spirally food costs have become a problem for the Department of Agriculture, what must they be for the millions of American families whose children benefit from these programs? We ask that this committee oppose the proposed changes which we have discussed today.

Thank you, Mr. Chairman.

Chairman **Perkins**. Thank you very much.

Our next witness is Susan Fridy, director, consumer and nutrition programs, National Milk Producers Federation.

[The prepared statement of Susan Fridy follows:]

STATEMENT OF SUSAN FRIDY, DIRECTOR, CONSUMER AND NUTRITION PROGRAMS, LEGISLATIVE REPRESENTATIVE, NATIONAL MILK PRODUCERS FEDERATION

Mr. Chairman, I am Susan Fridy, Director of Consumer and Nutrition Programs and Legislative Representative for the National Milk Producers Federation. The Federation represents the American dairy farmer marketing milk through his cooperative. Our membership is comprised of dairy cooperatives doing business in every state in the nation.

We are pleased to come before you today in support of full funding for the child nutrition programs. The Federation has supported the Child Nutrition programs since their inception. We have supported the expansion and growth of the National School Lunch Program as well as the introduction of the Breakfast; Summer Feeding; Women, Infants and Children; and Child Care food programs. We are particularly proud of our role in the development of the Special Milk Program to provide school children a half-pint of milk at reduced prices, free to needy children, to encourage their consumption of this nutritious food. Among other issues, we have supported equipment assistance, commodity donation, nutrition education, onsite preparation of meals, and the maintenance of the traditional nutritional excellence of these programs.

All of these programs have been designed to promote the nutritional well-being of the nation's children. In addition to providing a valuable portion of a child's dairy nutrient intake, the child feeding programs serve as an educational tool in providing a model of good eating habits to stimulate a lifetime of proper nutrition. We wish to stress as well that the child nutrition programs are an important contribution to the agricultural economy. The child feeding programs began as economic stimulants to faltering commodity prices. Commodity donations provide an outlet for food stocks purchased through price support programs. The Special Milk Program was established to support dairy prices by providing for increased fluid milk consumption. Shortly after originating the program, Congress recognized specifically the need for improved nutrition among children and directed that the amounts of federal money expended under the program should no longer be considered as amounts expended for the price support program. Nevertheless, the impact of the child nutrition programs on the agricultural economy is great. The Department of Agriculture's authority to purchase commodities on the open market to provide needed food beyond that available through the Commodity Credit Corporation can result in beneficial price increases to farmers.

We realize that no group favors budget cuts in program areas where they have a special interest. Certainly, the nation is concerned over our national budget deficit. But cutting back in the child nutrition programs is an action which is penny-wise and pound-foolish. The nutritional well-being of our nation's children must be of the highest priority. The Federal government should place itself in the position of providing every possible incentive, rather than every possible cutback, to the child nutrition programs.

The Administration's plans to lower the income eligibility ceiling for free school meals from 125 percent of poverty to just 100 percent, and that for reduced-price meals from 195 percent to 175 percent, will have a devastating effect on poor and low-income families. More than one million children would be dropped from eligibility from the free lunch program alone. A large percentage of the hundreds of thousands of children from working poor families who would be forced to pay more for their meals will most likely drop participation in the meal programs entirely. USDA estimates a 'saving' of $262 million in the school lunch program, $12 million in the school breakfast program, and $9 million in the child care program through changes in the eligibility for free and reduced price meals and by the proposed reduction of the Federal 5-cent meal subsidy for middle and upper income children.

The proposed price increases to school children for meals will have a dramatic impact on participation in the programs. Past studies have shown that every 5¢ increase in meal prices to paying children results in a 5 percent decline in participation in the program. Poor and low-income families have already been hard hit by inflation in every other family budget item. A large number of children from these families will turn to the a la carte line for an incomplete meal or bring brown-bag lunches from home which may or may not measure up the the carefully guided nutrition in a federally supported meal. Some children will simply go without.

Lower participation in the meal programs will result in higher per/meal costs for the school and lead to higher Federal subsidization to needy participants. Very likely, we would soon witness the school lunch program as solely a welfare program with soaring costs and increased embarassment by participating children marked as poor. The proposed cutback of $4 million for equipment assistance will be an additional blow.

The alleged "saving" of $27.8 million for commodity assistance is a farce. Why should good food sit in government warehouses when we have hungry children? The government expenditure for the CCC purchased commodities has already been made. Let's put the food to its best use—nourishing our nation's young.

We are especially concerned regarding the cutbacks planned for the Special Milk Program and will, therefore, spend the bulk of our time discussing this program. The administration has theorized that children in schools which serve one or more meals through the child nutrition programs have no need for Special Milk and that, therefore, $110 million representing the Special Milk Subsidy in those schools is unnecessary. We encourage you to take a close look with us at this proposal.

Special milk is Federally subsidized milk served in schools, other than milk which is provided through each of the meal programs. The Special Milk Program has been popular. In November of 1978, 84,557 schools and institutions provided 209.7 million half pints of milk, 17.6 percent of which was served free. The Special Milk Program does not provide for a reduced-price category. A USDA study conducted in 1975 states that Special Milk constitutes 1.8 percent of the total fluid milk consumption in the United States. This is a significant economic impact upon Class I milk sales directly realized by farmers themselves.

The current Federal subsidy to the child for Special Milk is 6¾ cents. The USDA Special Milk Study, hereafter referred to as the Milk Study, showed that when schools dropped the Special Milk Program, but continued to offer unsubsidized milk through a la carte service, per capita milk sales decreased by 35 percent (p. 23). We can safely assume that milk not consumed at school is milk not consumed. Therefore, the Special Milk Program has served as a stimulus to milk consumption. The Milk Study further emphasized,

"Free milk served under the SMP does appear to help in putting needy children on a par with non-needy children in terms of total milk consumption. In SMP schools, children eligible for free milk consumed aproximately the same amount of milk on a 24-hour basis as non-needy children. Children eligible for free milk, however, received on the average 43 percent more milk at school and 22 percent less milk away from school than non-eligibles. Forty-one percent of children eligible for free milk reported consuming more than one carton of milk at school, compared to 16 percent of noneligibles who reported drinking more than one carton of milk" (p. 4).

Let's take a closer look at the breakdown of who consumes Special Milk.

30 percent of SMP milk is consumed by students who eat Type A lunches.
12 percent of SMP milk is consumed by students who eat a la carte lunches.
43 percent of SMP milk is consumed by students who eat bag lunches.
9 percent of SMP milk is consumed by students who eat lunch away from school.
6 percent of SMP milk is consumed by students who report eating no lunch.

If we look at current USDA statistics, November 1978, we find that 37.5 percent of school lunches are served free. This means that less than 20 percent of Special Milk Program milk is served to low-income or paying children who are already receiving milk with lunch. That totals over 80 percent of all Special Milk to children who would otherwise be unquestionably discriminated against if Special Milk were eliminated from their school. Why should only those students choosing a full meal be eligible for government subsidy?

And what about the 16 percent of children not eligible for free milk who reported getting more than one carton of milk at school? The Special Milk Program served as an incentive to them to spend their extra money on a highly nutritious food rather than candy, soda pop, or gum. We cannot think of a better way for the American taxpayer to spend his Federal budget dollar.

Opponents of Special Milk contend that children are bombarded with milk at school, yet the Milk Study shows that all students in three-program schools (schools with breakfast, lunch, and Special Milk Programs) average only 1.23 cartons of milk a day at school. Students eligible for free milk report barely more milk consumption at school than the "all student" figure—only 1.52 cartons. Total daily consumption by all students in three-program schools is 2.82 cartons--this is less than the four glasses recommended for growing children by most leading nutritionists! Furthermore, students eligible for free milk and therefore eligible for free breakfast and free lunch report an average daily consumption of 2.99 cartons, an average of half of which was consumed at school. These figures assure us that children are not glutted by federally subsidized milk (p. 42).

Some more statistics from the Milk Study show that 56 percent of Special Milk served in elementary schools is consumed by students who eat bag lunches. Twelve percent of Special Milk served in secondary schools is consumed by students who report eating no lunch at all! At least these children were wise enough to drink milk and the Federal government can take pride in providing an incentive to those children to consume something nutritious.

The Milk Study goes on to say:

"One further finding of interest in examining milk consumption by free eligibles is that while 13 percent of children not eligible for free SMP milk reported bringing milk from home to school at some point during the school year, only 3 percent of free milk eligibles reported bringing milk to school."

If we project upon this finding, we can assume that needy children continuing to reject the full lunch program preferring a brown bag from home, would be less likely to bring milk from home if the Special Milk subsidy were dropped in his school. Moreover, the 3 percent figure could also point to a likelihood that needy homes were less likely to have milk available at home at all.

There may be those who may try to accuse the milk program of contributing to waste. We saw this sort of argument in proposals by USDA to reduce milk offered to young children in school lunches from 8 ounces to 6. Because the children didn't care for their lunches but would drink their milk (studies show milk is the least wasted of all foods offered through the school lunch program) that providing less milk would force children to eat food thay didn't care for. The Milk Study states: ". . . no additional lunchtime milk waste was found in NSLP schools (i.e. lunch schools) which participated in the SMP over that found in NSLP schools without the

SMP" (p. 28). The Milk Study reports that almost 75 percent of all half-pints served were completely consumed. About 40 percent of the "wasted" cartons had less than 5 percent milk waste. It is important to note, in addition, that the Milk Study determined that "Milk from unopened cartons was considered wasted milk, regardless of the fact that it was recycled back into the lunch line" (pp. 52, 53). In making "milk waste" determinations, no effort was made by USDA to measure the quality or temperature of the milk served to the students—factors which would affect consumption.

No Federal funds are allocated to schools to administer the Special Milk Program. Administration costs at the federal and state level are minimal. This means that Federal funds for Special Milk are almost entirely cost-effective in stimulating milk consumption. There is no Federal money spent for labor costs, straws, napkins or other such non-food expenditures.

Milk is especially important in the diet of growing children. Leading nutritionists recommend four glasses (cartons) a day for this age group. During childhood and adolescence, proper growth and development of basic body structures require an ample supply of essential nutrients. The bones and teeth continue to develop, requiring protein, calcium, phosphorus, and vitamin D. Milk is one of the few foods which assure adequate availability of these needed nutrients. Abundant quantities of protein, vitamins and minerals are also needed for soft tissue growth and for the development and maintenance of blood supply. The Special Milk Program in its role of stimulating milk consumption, is one of the most important government programs to assure basic needed nutrition by the youth of our nation.

Good nutrition is essential to our children. Reports from large-scale surveys, such as the Ten-State Nutrition Survey and the 1965 USDA Household Food Consumption Survey, show low intakes of vitamins A, riboflavin and calcium for boys and girls. Milk is rich in these nutrients.

Other surveys showed that disadvantaged preschool children had intakes of vitamin D, thiamin, niacin, pyridoxine and folic acid which fell below the RDA values for this age group. Many Grade 4 to 6 students from the lower socioeconomic status schools had intakes less than two-thirds of the 1968 RDA for Vitamin A, calcium and thiamin. These children unquestionably would profit from increased milk consumption. The federal government should seek ways to improve milk consumption among these children—not decrease it.

Preliminary USDA data show that in 1978, dairy foods, excluding butter, provided only 11 percent of the calories but 75 percent of the calcium available for civilian consumption, 39 percent of the riboflavin, 35 percent of the phosphorus, 22 percent of the protein, 22 percent of the magnesium, 20 percent of the vitamin B_{12}, 13 percent of the Vitamin A value, 10 percent of the vitamin B_6 and 9 percent of the thiamin. In addition, dairy foods supplied significant amounts of Vitamin D and Niacin equivalents.

On a more specific scale, 3 cups of milk supply about one-half or better of the RDA for protein, calcuim, phosphorus, riboflavin and vitamin B_{12} for 7-to-10-year-olds and 11-to-14-year-old males. Thus the below recommended levels of Vitamin A, calcium, riboflavin, pyridoxine, niacin equivalents and thiamin are provided in good to excellent amounts by milk. There is no question that milk is one of the high-nutrient density items in the American diet.

It is not easy to obtain an adequate dietary calcium intake from foods traditionally eaten without milk and dairy products. For example, whereas 2¾ glasses of milk provide 1,200 mg calcium (RDA for 11-to-18-year-olds); to equal this amount of calcium without dairy products, one would have to consume 16½ pounds of tuna fish, or 32½ pounds of chicken, or 3 pounds of bread, or 4 pounds of peanut butter, or 44 eggs, or 1½ pound collards, or 3 pounds of broccoli, or 20 pounds of tomatoes, or 6 pounds of cabbage.

Milk consumption during the growing years can have important long-range health benefits. For instance, while several hypotheses have been advanced to explain the cause(s) of osteoporosis, a very disabling bone disorder which usually appears in middle or old age, milk consumption can be a beneficial deterrent. Although there is no unanimity as to the underlying mechanism involved in osteoporosis, it appears that the best preventative is to have a denser bone mass to begin with. This dense bone mass can be attained only if the appropriate raw materials—nutrients such as calcium, phosphorous, vitamin D, and protein—are consistently supplied in ample amounts, especially during the growth and developmental stages of childhood and adolescence.

The rarity of rickets among infants in the United States has been credited to the practically universal fortification of fluid and evaporated milk with Vitamin D. While rickets is an area we can directly pinpoint as an example of the health benefit of milk, other more general statements can be made regarding the contribution of milk to the long-range health profile of the people of our nation. We cannot begin to measure the cost savings in dollars and in personal well-being that good health through good nutrition provides.

There is a common saying that "There can be no nutrition without ingestion." In other words food is no good until it's eaten. Studies reveal that milk is one of the most liked items in child nutrition programs and is associated with the least plate waste. Thus, milk performs a very important function in the child nutrition programs because of its two attributes: milk is an excellent source of nutrients and is one of the most liked items of children.

The Special Milk Program is obviously cost-effective in providing this highly bioavailable food which has a nutrient profile which is nearly complete in providing essential elements necessary to the human metabolic system. In other words, The Special Milk Program is a cheap way to assure that kids are well-fed. Now let's look at the Special Milk Program and its economic impact to the agricultural community. In other words, Special Milk is good for farm family income.

The Federal Special Milk subsidy pays for a little less than half the cost of a carton of milk to a child. So a $110 million reduction in Special Milk funds at the Federal level could mean a $220 million reduction in retail sales of class I milk. The Appendix to the Budget for fiscal year 1980 reports that the administration's proposed cut for Special Milk would result in a reduction of total number of half-pints served in 1978 from 2,012 million to 395 million in 1980. This is a reduction of 1,607 million half-pints of milk. Two half-pints of milk equal one pound. Therefore, the proposed budget cut would result in 803.5 million pounds of milk not consumed as class one milk. This figures to $17 million due to loss in class one sales to dairy farmers. If the Department of Agriculture were to purchase the 803.5 million pounds of milk as butter and nonfat dry milk through the Commodity Credit Corporation, the Federal government would spend $86.5 million as a part of the Dairy Price Support Program. This is not a hypothetical example. While milk production is currently in balance with consumption in this nation, purchases of nonfat dry milk have been made in the past year by CCC. While we cannot assume that loss of the Federal subsidy to Special Milk will mean a 100 percent loss of consumption, we can assume a substantial loss in milk consumption. Our figures are not far wrong. The U.S. Department of Agriculture reported in July of 1978 in a letter to a Senator who is a member of the Senate Appropriations Committee that the then proposed $20 to $25 million reduction in Federal subsidy to children participating in Special Milk would result in a reduction in the use of fluid milk by children and states:

"The Department estimates that the reduction in the use of fluid milk would increase Commodity Credit Corporation acquisition costs between $5.9 and $8.2 million."

The letter goes on to explain why the $5.9 to $8.2 figure is "less" than the $20 million figure. We consider their estimate to be considerably on the low side. Even it it weren't low, it represents approximately a third of the amount of the Federal subsidy. One-third of the proposed $110 million reduction in the fiscal year 1980 budget would represent $27 million, a direct application of USDA's own figures, of exceptional nutrients locked up in government warehouses instead of being fed to growing children. It doesn't make sense.

I would like to emphasize at this time that the National Milk Producers' Federation has always supported reasonable changes to the Special Milk Program, even when it could mean less in milk sales. Two years ago we supported this Committee's amendment to the Child Nutrition programs which eliminated the mandatory second half-pint through the Special Milk Program to the needy child receiving a free lunch. Evidently, local schools found it difficult to administer the mandatory second half-pint and maintain the needy child's anonymity. The mandatory second half pint was intended to get good nutrition where it was most needed—in the stomachs of needy children. It didn't work. So, Dairy farmers chose to lose milk sales rather than force needy children to face the taunting of their classmates because the two-milk kids were the "poor" kids.

Yes. The Special Milk Program means money to dairy farmers. Yes. We want to sell milk. No. We are not merely lining our pockets in self service.

The Department of Agriculture wanted to offer low fat and skim milk to children through the child feeding programs. We did not oppose this change. We do oppose, however, USDA's consideration of permitting milkshakes to count as a component of a Type A lunch. A milkshake is unquestionably less nutrient dense than unflavored fluid milk. We will not support the chance for more milk sales in the face of the nutritional evidence. Milkshakes are fun, they are delicious, and they are unquestionably nutritious. But they are not a model of optimum nutrition to serve as an educational tool. They do not belong in the Type A pattern. Milkshakes are more filling than fluid milk—they would undoubtedly contribute to increased plate waste! Milkshakes are snacks. Milkshakes do not belong as a part of the Type A meal pattern.

The National Milk Producers Federation is committed to nutritional excellence in our schools. We support full funding of all the child nutrition programs to provide every possible incentive for schools to serve appealing nutritious meals and snacks to children. We know that this committee also recognizes the importance of the economic stimulous that these programs can and do provide a farm economy. We seek your affirmative support of all the child nutrition programs as the appropriating procedure to assure the needed funding of these programs moves through Congress and on to the needed Presidential signature.

Good nutrition for the people of our nation is the finest investment we can make through the federal fiscal system.

STATEMENT OF SUSAN FRIDY, DIRECTOR, CONSUMER AND NUTRITION PROGRAMS, NATIONAL MILK PRODUCERS ASSOCIATION

Ms. **Fridy.** I am Susan Fridy, director of the consumer and nutrition programs and legislative representative for the National Milk Producers Federation. The federation represents the American dairy farmer marketing milk through his cooperative. Our membership is comprised of dairy cooperatives doing business in every State in the Nation.

I would first like to commend this committee for your commitment to the child nutrition programs. They are important to agriculture, and they are important to children. I have submitted my statement for the record. You have been listening for a long time to us, and I would like to very briefly highlight some of the arguments that we have made in our statement to support this special milk program.

We are, of course, quite committed to all the programs. We recommend full funding for every child nutrition program, but we have a special love for the special milk program.

First of all, we have been facing the argument of: Children get enough milk, and they certainly don't need any more.

The Department of Agriculture seems to ignore the fact that the special milk program, by and large, serves a different child than those children served by breakfast or by lunch programs.

If we look at the statistics, we find that only 30 percent of those children who eat a type A lunch also get special milk; that at least 70 percent of the children who are not served. Twelve percent of the children buy milk in the a la carte line. Forty-three percent of those children buy the milk to supplement their bag lunch. Nine percent of the children are going away from the school grounds for lunch—goodness knows what they are eating. Six percent of the children report that they eat no lunch. So the special milk program has an impact on their nutritional meal pattern.

If we look at the 30 percent of the children who are also getting milk with lunch, we find that at least a third of them, or more than one-third of them are very needy children who are getting free lunches. So if we look again at the statistics, we can see that 80 percent of the children receive milk through the special milk program, and are in unquestionable need of this nutrition.

Again, milk, milk, milk—let's look at the statistics. The schools that serve breakfast, lunch, and with special milk, when you look at the all-student average, these children are receiving only 1.23 cartons of milk at school. That is hardly milk, milk, milk.

If you look at the children who are eligible for free lunches and milk, they average 1.52 cartons of milk at school. If we look at what nutritionists agree is the recommended milk allowance for growing children, which is 4 cartons or 4 glasses of milk a day, they are certainly not getting too much milk at school.

If we look at the all-child figure, the average for children in three-program schools is 2.82 cartons of milk all day long, and for the child eligible for free lunches and milk, they are getting 2.99 cartons all day long.

USDA in a study that was released last fall stated that the special milk program was significant in bringing needy children up to par with the nonneedy in milk consumption.

I am sure you all know that milk is just an incredibly nutritious food, and the price of it for the nutrition received is an incredible bargain. The special milk program has very low administrative costs, absolutely no Federal funds go for administrative costs.

There is very low waste in the program. USDA reports that milk is the least wasted food offered through federally subsidized programs.

My last statement that I would like to summarize is: If we reduce the special milk program by $110 million, it means that the Commodity Credit Corporation will be buying milk, and it just does not make sense to have such a valuable nutritional item locked up in Government warehouses.

Thank you very much.

Chairman **Perkins**. Let me compliment this distinguished panel for excellent testimony. You have been most helpful. We have a job of selling this program to the rest of the Congress, and we will do our best, if you give us your support, to try to see that that is done.

Mr. Ford?

Mr. **Ford**. Mr. Chairman, I would just like to say how sorry I am that I was not here earlier to deal with the Department of Agriculture because I think their proposals are the most outrageous I have seen in the 15 years I have been in Congress, I am ashamed they are coming from a Democratic administration.

It seems to me this effort by the administration to try to scale back the child nutrition programs is both very ill-timed and shortsighted. For years I have taken the unpopular stand in my congressional district of trying to convince hesitant school administrators that their schools should participate in the school lunch and breakfast programs.

Indicative of the administrators' attitude was the fact that one of the lowest items on the priority list in building schools in the 1950's and 1960's—when districts in my area were doubling and tripling their population every few years—was the school lunchroom.

Reluctantly I have come to the conclusion that installing the facilities and developing the program has been a problem for schools operating on a marginal budget, with very tight strictures and local taxpayers asking for accounting of every penny.

It is ludicrous that the Department of Agriculture would reassure the farmers that there will be no reduction in the commodity support part of the child nutrition program, and that the Department chooses instead to reduce the cash paid to the schools. As a matter of fact, they intend to increase the commodities purchased for the schools. It's ironic because the commodities are probably the primary reason for the waste in the type A lunch across the country, because the Department of Agriculture thinks that everybody eats like them, and has the same preferences for food. There is only so much peanut butter that you can shove into any kid in any given period of time. There is only a limited amount of spinach that they will take after it has been laying around on the steamtable all day.

It is my hunch that we are, in many schools, at sort of a breakeven to losing proposition in providing school lunch facilities in the program. Although a nickel does not look like a whole lot, if you take the nickel away, and reduce the payments to the schools, it may very well tip them out of the program, which leads me to wonder who the Department thinks it is helping by talking piously about helping poor people.

If 30 percent of the children in the school qualify for free lunch, the other 70 percent of the children are not going to necessarily support a program that only takes care of the other children and not them. It is terribly shortsighted to expect that the kind of support we've been receiving is going to continue. I question whether or not this is what is likely to happen to us if we cut back.

Are we in danger of having schools back out of the program, so that not only do we not feed the middleclass, which bothered Ms. Foreman badly, but neither do we feed the disadvantaged. She lowered the definition of poverty, incidentally, for a family of four down to $8,000. If I tried to tell the people in Detroit that a family of four with $8,200 was not poor, they would chase me out of the State.

The Department of Labor says that it costs $16,000 a year to be poor in Detroit, almost double what the Department of Agriculture determines it costs to be poor.

I would like this panel to be aware that I am concerned the Department of Agriculture by this approach is endangering the continued existence in a substantial number of schools of the school lunch program.

Ms. WYNN. If I may answer, Congressman. I think there is no doubt that you are right in your assumption.

We, the American School Food Service Association, sent a survey to the membership at the time the administration's budget cuts were coming out, and we had the same philosophy reinforced at the conference that we were having here.

As we price paying children out of the program, it becomes impossible to run efficient and effective programs. The school boards are faced with the dilemma of having to subsidize, and at this particular point in time, they do not have the funds. So you are absolutely right.

Now, there are some States that do have laws that say you will provide lunches in every school. I come from one of those states. But the laws can be changed, too, with pressure from local school districts that they can no longer afford this program.

I think that this is definitely a reality that could come about.

Chairman **Perkins**. Any further questions, Mr. Buchanan?

Mr. **Buchanan**. Mr. Chairman, let me belatedly, but quite sincerely express the pride of all of us in one member of the panel here today, T. G. Smith, who is a leader in our State and in the United States of whom we are extremely proud.

I must apologize to you and to the chairman, but another committee of which I am a member is voting on legislation out of the subcommittee on which I am ranking member, so I have to be back and forth.

I want to know how strongly I share the concerns you have expressed here today.

In the Department of Agriculture's testimony today, the point was made that they wanted to go where the need was greatest, and to cut back on middle-income children. I note that Ms. Foreman stated that she could afford the full price for her kids' lunch. I think that it is very nice of Ms. Foreman that she can afford it, and with a salary around $50,000 a year, I guess she could, and I guess that I could, too.

She made it clear that this is not the category that is being hit hardest by this program cut. I want to ask the panel about the impact upon the overall program, where you have this change resulting in a decline in the paying children. Does that not have a significant impact upon the economies of scale, the capabilities of schools to provide the free and reduced price lunches. I wonder if you would comment on that.

Ms. **McCabe**. I think I can. We had two price increases, one in September and one in January just from inflation and the rising cost of operating the program. The last one was effective January 2, and we did experience a 9-percent decrease in participation. At the same time, we experienced a backlash from middle-income people, and I am referring to schoolteachers, those people who called and said: "What are you doing to us. We cannot afford this constant increase in sale prices."

We have 150 schools in our district, and we do not have 5 schools that could operate with just the free and reduce price meal participation. I don't know what we will do if we have to continue to raise the sale prices. It is a real problem.

Mr. **Smith**. Congressman Buchanan, I agree probably that Ms. Foreman can provide funds for her children's lunches, and there are not many people in the State of Alabama with the salary that she probably receives.

I have found that as a paying child leaves the food service program, the quality of the program deteriorates. We found also that the programs, whether it be the lunch program, the breakfast program, or whatever, are dependent upon the paying child for a major portion of the support.

So I agree with you that it would have a very detrimental effect.

Mr. **Buchanan**. It is a fact that there are a number of children that do not participate in the free and reduced price lunches. There is a large number of children who do not participate. Would it be rational to assume that not withstanding all our budget troubles, that this is actually an area where Government costs ought to be increasing because if we are to meet the nutrition problems of these children, we are going to increase the number of children who participate. Therefore, we ought to spend more money.

Mr. **Smith**. I agree with you.

Mr. **Buchanan**. Mr. Chairman, I must state that this is a simplistic approach. I don't know how much responsibility Secretary Foreman has personally, given the whole Department of Agriculture, in this matter, but I must say that the simplistic approach of the Office of Management and Budget and the administration in such matters as this is, indeed, an outrage.

This is an area where they ought to be spending more money, and not less, because we are not yet meeting critical human needs.

Chairman **Perkins**. Mr. Miller.

Mr. **Miller**. Thank you, Mr. Chairman.

Let me say that I have a number of concerns about the program. I don't think that I have to take a backseat to anyone in my support of nutrition programs in the time that I have been in public life. But I hear some statements here today that I don't think really go to the intent of this program, and that is that somehow we have got to be concerned with whether or not people who earn $15,000 to $25,000, as one of the witnesses said, are going to participate in the program, because I think that it is fallacious thinking that you are going to have any impact on the nutrition of those children through one meal a day.

I think that we have tried to expand this program by increasing the percentages on the theory that local school districts would not support a program that was for only poor children, for black children only, or for Chicano children, or any other minorities, and that middle-class parents would rebel.

Therefore, we have increased it, and now we come back and say that too many of those children from the upper levels still are not participating.

I am also interested in saving the $165 million. I think that I have eaten my share of school lunch program, and the children talk about hiding behind their lunch sacks, so they would not have to look at the food on the table, because it made them ill. I thought that they could not be telling the truth, but they were telling the truth.

There was a whole group of those kids, and I said, "Now you are going to make self-conscious if this is their only meal." They said: "They feel the same way about the food."

We can get into those old arguments that everybody on this committee has heard, but I think that there are a number of phrases that were used in testimony today that I am afraid are a little rhetorical, and do not go to the problems.

I think if we have to make a decision, I think it is much tougher to make a decision to feed poor kids where you can have positive impact on nutrition, because you know what is going on about the household. It is much tougher for this committee, and for this House of Representatives to support that funding.

If those programs cannot survive to feed poor children in our country, maybe we had better take that $300 million and put in in for three meals and upgrade the quality of what we are serving them. I don't think that it is a measurement of a program that poverty children are consuming the same amount of milk. I don't think that we ought to measure the programs that way.

I think we ought to measure the programs in terms of nutritional impact, and I dare say that there is a fair number on the committee who might suggest that all that consumption of milk may not be all that good for you when you are at that age, and we can argue about that and other things in this committee for months on end.

I think that we had better take a very healthy look at this program, because I think the credibility of this program is an all-time low. Once you get out of this committee room, I think that those of us who have fought for these amendments, fought to go to 195 percent of poverty, fought to go to 125 percent of poverty, and have fought for the WIC program, are finding that there are fewer and fewer allies, because I think that there are more and more complaints from the consumers of this program.

The suggestion that somehow we have to feed everybody, so that we can attack the nutritional problems of a few, I think that this is the fallacy that is going to save this program in, and I have very, very serious concerns.

I am not endorsing the cuts of the administration, because I don't think that the simple savings of money, because we like to think, as Mr. Buchanan points out, that this program is an investment. I am not so certain that all of the evidence points to the fact that the investment is made in the best fashion possible.

To artificially support a constituency for this program that is not interested in this program, does not participate on a regular basis, I think is to so diminish the very integral part of the program that is designed to have a positive nutritional effect on the children, that you are threatening the whole program by that attitude.

Mr. **Ford**. Would the gentleman yield?

Mr. **Miller**. I will be delighted to yield.

Mr. **Ford**. Very rarely do I have the occasion to disagree with the gentleman from California, but I could not disagree with you more as I do with you now.

The first thing that I would like to clarify on the record is that this is not a program that started out for free and reduced price lunches. It has been expanded to middle class.

This is a program that started out blindly to feed kids who were going to school without regard to whether they were poor, or unpoor. My former colleague from Michigan, Mr. James O'Hara, in 1963 created the new category of free lunch, based on a poverty standard.

As a matter of fact, until that time, that program was never designed to feed kids. It was an agricultural support program——

Mr. **Miller**. I am well aware of that.

Mr. **Ford** [continuing]. From the old commodity distribution, at the time that I was going to school, they used to bring in cases of grapefruit and things of that kind to the school, and that was the Agriculture Department's contribution to good nutrition on the west side of Detroit.

This was also the beginning of the milk program, which ultimately got to be part of the school lunch program. They buy certain commodities to firm up prices, and that is why the selections are made the way they are. Most of what they still buy is going to help the current market conditions for the producers.

The program went along for a long time, and was building very rapidly, and there is no real evidence that the inclusion of the first reduced price and then the free lunch had any effect one way or the other in terms of the growth, and spreading of the program.

Proportionately, the program fell behind most rapidly. If you look at the years of the most rapid growth of the elementary grades, it was when we had the babyboom hitting the schools. We were just putting children in the schools so fast that we had a hard time accommodating the schoolchildren in good physical facilities.

I think that it is very important to note that we participated in a debate with the Department of Agriculture last year. They had allies in this committee, who helped them defeat us, on the question of giving school districts cash in lieu of commodities. I think that we are supposed to have some pilot studies throughout the country to determine the feasibility of doing this in a more widespread manner.

Big school districts told us that they would prefer to do it that way. I can recall former Congressman Al Quie talking about the problem in his part of Minnesota, where they delivered 50-pound blocks of hamburger to his little local school. They would have to ship it to another location and have it thawed down, and turned into patties.

If there are complaints about the program, most of them come from the parents whose kids come home, and say: "I don't like to eat that stuff they give us at school." Part of that is bad nutrition training in the home, and the eating habits in the home. But that is not limited to poor people. That is found throughout society. But a major reason children complain about the food is because the commodities program does not supply schools with foods children like to eat.

I have talked to educators across the country, and you find middle-class kids coming to school with an empty belly in the morning because their mother is off working or doing something, and not feeding them. Then there are poor kids, and the chances are that they are from good-sized family, where there is a little more care and consideration for a small child than there is in the one- or two-child family.

But to generalize as we do with other programs that there is a correlation between family income and child nutrition during the middle of a schoolday of learning experience, it is just wholly wrong. I have never been convinced by anyone that the correlation that we accept with respect to poverty levels and participation is a valid one.

I would like to believe that we could put the school lunch back where it was, and pay what is necessary so that no child has to walk through a line and get stamped with an invisible stamp that every other kid sees him get. What is wrong with thinking about helping poor kids. We are not helping them by branding them as poor. [Applause.]

Mr. MILLER. If I might reclaim my time.

I am not going to be painted into that box. I am a cosponsor of the universal school lunch program. I wrote the first school lunch program in California. I have sponsored the WIC program. I am not going to be painted in that box.

What I am saying is, let's us not forget what this program is. It is to make up for a lack of income in American families, because if they all had enough income, they would pack their children's lunches, or they wouldn't, but they would be able to make that determination. That is a determination that the family should make.

My concern is that we have lost sight in trying to keep the program in such broad participation, we have cut the quality, and that may very well be the fault of the Congress. But we have cut the quality to where the participation is not the great adventure in your life as a young child.

I think that we have to be concerned about that effort, because if you create something that everyone wants to participate in, you will have participants. It follows. It is a truism. We have not created that, yet, whether it is the fact that we have not put enough money into it, or we have not provided the best means by which nutrition can be translated into the family's daily activity.

The school lunch program may no longer be that vehicle. It may be cash. It may be food stamps, or it may be a combination of those, but to suggest that families somehow do not have the right to determine as to whether or not they want to feed their children, or whether that mother who can't wake up early, or if the father cannot get up, if he happens to be in the home, and make the lunch; to suggest that somehow we have to take care of that in order to raise the quality of this program. I think that those questions have got to be asked.

I refuse to be painted in the box of someone who somehow does not understand the history of this program, or does not concern himself with it, or does not want to see it expand. But there are limits, I think, to pull this program before it starts to fall apart in the middle. I think that we have reached that point, particularly in this Congress.

Chairman PERKINS. Mr. Hinson?

Mr. HINSON. I have no questions.

Chairman PERKINS. Mr. Williams?

Mr. WILLIAMS. Thank you, Mr. Chairman.

I would like to commend the witnesses for precise and meaningful statements, Mr. Chairman. I particularly want to associate myself with the statement of the director of the school food advocacy project, Margaret Lorber, and continuing the dialog of the gentlemen, both on my right and left, I should like to state that she is right.

The State food service director in my home State of Montana has, indeed, said that only half of the farm children in Montana apply for the reduced price meal because they don't want to be listed as needy. This program does, indeed, stigmatize as it now exists. It stigmatizes, and it does that for many reasons, including the needs test that Congressman Ford mentioned, but along with the needs test, it does not in any way attempt, as a practical matter, to guard the anonymity of those children participating in the reduced or free program.

Now the USDA ought to be involved in identifying ways to encourage those children who are eligible to participate, and instead they have come up this morning to ask us to do the precise opposite, and I draw again the committee's attention to page 2 of Ms. Lorber's testimony, and page 1, the final paragraph, where she notes that there are perhaps 7 million potential participants for this program among the children of America, but only 1 million want to be listed as needy.

Thank you, Mr. Chairman.

Chairman **Perkins**. I thank all of you.

Let me compliment the witnesses who are here this morning for their excellent testimony.

The committee is adjourned. Thank you very much.

[Whereupon, at 12:05 p.m., the subcommittee adjourned, to reconvene at the call of the Chair.]

[Additional material submitted for the record follows:]

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., April 19, 1979.

Hon. CARL D. PERKINS,
Chairman, Committee on Education and Labor, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This responds to your letter of March 20, in which you requested that the Department reply to several questions regarding the President's Budget for fiscal year 1980. Our responses to these questions are enclosed for your consideration.

We appreciated the opportunity to appear before your Subcommittee to discuss our child nutrition budget proposals.

Sincerely,

CAROL TUCKER FOREMAN,
Assistant Secretary for Food and Consumer Services.

Enclosures.

Question 1. (For each of the programs cut) what alternatives did you consider when making the proposed budget cuts? What are the costs and number of children affected under each option?

Answer. A large number of diverse alternatives were considered. An initial screening analysis ruled out many on the grounds of administrative infeasibility. Also, we did not want to propose changes that would be so obviously unacceptable to the majority of the Congress as to have no prospect of passage. In other words, we did not want to needlessly take up the Congress' time with "phony cuts" that would get nowhere.

Alternatives that survived the screening analysis were then subjected to detailed further assessment involving estimation of the impacts on participation and program cost. These alternatives were as follows, broken down by program.

National school lunch program

The alternatives examined can be grouped under two headings: (a) those concerning the level of cash reimbursement for paid lunches, and (b) those concerning the levels for income eligibility standards for free and reduced price lunches.

On (a), the primary alternatives evaluated and their cost and participation implications are shown below (No. 3 is the one ultimately selected):

Option	Estimated cost savings	Participation reduction
1. Reduced cash reimbursement for paid lunches to 10 cents effective July 1, 1979 (a 6.8 cents reduction)	$198,000,000	800,000
2. Reduce cash reimbursement for paid lunches by 5 cents and make no increase in the rate during fiscal 1980	159,000,000	650,000

Option	Estimated cost savings	Participation reduction
3. Reduce cash reimbursement for paid lunches by 5 cents but continue to increase the rate to reflect food price inflation	146,000,000	600,000

On (b)—the issue of the level for the income eligibility standards—three alternatives were studied. The one eventually selected was to lower the standards for free meals from 125 to 100 percent of poverty and for reduced price meals from 195 to 175 percent of poverty. At the same time, however, the current itemized deductions would be replaced by a standard reduction consistent with the one used in food stamps (currently $65 per month). This proposal is anticipated to save $165 million and result in a decline in participation of approximately 500,000 children, which is only 2 percent of total participation.

A second option was to lower the standards as proposed but without adoption of a standard deduction. Our analysis found that this option would save $240 million and reduce participation by 800,000. A third option was to lower the income eligibility standards as proposed and adopt a standard deduction, but set the deduction at $100 per month. This we estimated would yield savings of approximately $95 million with a reduction in participation of about 300,000.

An important consideration in our final decision was that with the alternative eventually selected, all children from families below the proposed reduced price eligibility (which will be approximately $13,210 in school year 1979–80) will have access to lunches which are either free or cost only 10 to 20 cents.

Special milk program

Besides the option finally chosen, we also examined two others. One was to eliminate the program entirely. The other was to limit service of the Special Milk Program to time when other Federally subsidized meals (which include milk) were not being served. The savings and the reduction in the number of half-pints of milk that would be served under these options, including th one selected (No. 3), are described below.

Option	Estimated cost savings	Reduction in half-pints of milk
1. Elimination of program	$143,000,000	1,900,000,000
2. Limit to nonmeal times	94,000,000	1,255,000,000
3. Limit to schools and institutions without meals	113,000,000	1,505,000,000

Summer food service program

Two alternatives to the proposal contained in the budget were considered. The first was to leave the program intact, which would not result in any savings and would not affect any children. The second was to discontinue the entire program, which would save $136 million and would affect a total of approximately 2.4 million children.

Question 2. Why were the budget cuts necessary? If you were not faced with budget constraints, would you still make such cuts?

Answer. As part of the Administration's efforts to control inflation, all Departments were asked to exercise restraint in the 1980 budget in an effort to limit the overall deficit to $29 billion for fiscal 1980. This however, was not the only factor. Our continuing concern that all our programs be administered as effectively as possible, with a minimum of waste or duplication, led us to take a hard look at the overall mix of child nutrition programs, with a view to seeing that resources are targeted to those most in need of assistance. For example, reducing duplication between the Special Milk Program and the National School Lunch Program seemed to us a worthy goal, especially in view of the fact that the savings thus generated could better enable us to aid the nation's lowest income children or serve more women, infants and children in the WIC program.

If there had been no budget constraints we might still have proposed some of the cuts in the 1980 budget in one form or another, in the interests of efficient management and effective use of taxpayers' dollars. In reality, of course, budgets are always constrained by competing demands on available scarce resources. We cannot escape this—either in 1980 or any future year. Our goal is to provide the best aid possible to program participants within the resources available.

Question 3. If one of your goals was, in fact, to minimize the impact on low-income children, why would you choose to make cuts in the NSLP where almost one-half of those cut are in the free or reduced-price category?

Answer. The changes in the National School Lunch Program in our 1980 budget proposals have minimal impacts on children from families below 175 percent of the poverty line, plus the standard deduction we have proposed. In fiscal year 1980, using a family of four as an example, all children from families with incomes below $13,210 will have access to free lunches or lunches that cost 10 cents (or at most 20 cents). The income eligibility limit for reduced price lunches under current law will be approximately $13,850. Thus, the only children who will have to pay substantially more for their school lunches are from families with incomes at the top of the current eligibility limits for reduced price meals (e.g., between $13,210 and $13,850 for a family of four). It is important to note that the current eligibility limit for reduced price meals for a family of four is only $12,660. Even the children affected by the decrease will be able to purchase school lunches which will carry a Federal subsidy of 27 cents in fiscal year 1980 under our proposal.

Children from families with incomes falling between 125 percent of poverty and 100 percent plus a standard deduction will be expected to pay 10 cents (or in some cases 20 cents) for their school lunches instead of receiving free lunches. This represents a very small price when compared to the cost of producing a school lunch which is now well over one dollar. Also, the income eligibility limits in the child nutrition program, under our proposal, will still be much more liberal than income limits applied in some other domestic social programs.

Question 4. What was your basis for estimating the participation drop-off resulting from the shift in the income poverty guidelines?

Answer. Studies conducted by the Department of the effects of price changes in Pittsburgh and Fairfax County provide useful evidence on the relationship between price level and participation level. Additional studies by others, such as those by R. H. Nicholson on North Carolina and D. A. West on Washington State, contain similar information. These studies examined data reflecting how participation changes when school lunch prices are altered. Although the data do not correspond to precisely the circumstances posed by our proposals, the price range analyzed is nonetheless roughly comparable to the range encompassed by our proposed revision in the reduced price eligibility limit from 197 to 175 percent of poverty. The data are less helpful for the revision in the free lunch eligibility limit from 125 to 100 percent of poverty. However, it is interesting that the Congressional Budget Office, working entirely independently and with separate but similar data sources, came to final results very close to ours.

Question 5. The Department has proposed lunch pattern requirements for the school lunch program. What are the advantages of the proposal and the timelines for its implementation?

Answer. The Department has issued Interim Regulations which permit testing and evaluation of changes to the meal pattern used in the National School Lunch Program. These changes are designed to vary portion sizes for children in various age groups to better meet their specific nutritional needs. The changes were intended to make school lunches more closely correspond to one-third of the Recommended Dietary Allowances (RDA's) for various age groups children. Traditionally, the school lunch meal pattern has been designed for the 10 to 12 year old child with a recommendation that portion sizes be varied to meet the needs of younger and older children. The interim meal patterns that we are testing formalize the need to vary portion sizes, and make the school lunch meal patterns more in accordance with the 1974 RDA's.

The timelines for implementation of these changes are not, as yet, finalized. We are currently considering public comments on the interim regulations and awaiting results of field testing of the meal patterns. Upon completion of our reviews of the comments and the field test results, decisions about if and when to implement all or part of meal pattern changes will be made. We expect that these decisions will be made within the next two months.

COMMONWEALTH OF KENTUCKY,
DEPARTMENT OF EDUCATION,
Frankfort, March 1, 1979.

Hon. CARL D. PERKINS,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. PERKINS: The purpose of this letter is to express my concern for USDA's projected implementation date of September 1979 for the new lunch pattern as outlined in interim rule 210 of the National School Lunch Program.

For your information I am enclosing a copy of the comments I mailed to Margaret O'K Glavin, Acting director, School Programs Division, USDA, FNS, Washington, D.C. 20250, concerning the above-mentioned interim rule. I particularly would like to solicit your help in communicating to USDA, FNS that their timetable for mandating this major program change is ill advised. I offer for your consideration the following points to substantiate my position:

1. The projected implementation date does not allow sufficient time for State staffs to be trained so that they will be able to effectively work with local school districts for a systematic implementation of the new regulations. My understanding is that USDA hopes to have final regulations out by June 1, 1979. There simply is not enough time between this date and the beginning of school to properly train the school food service personnel in 1,619 schools in Kentucky.
2. From the school's point of view, this change represents a dramatic one and if not properly communicated many school food service workers will panic and established school food programs will suffer.
3. The "good will" of the program earned over a 33 year period could be jeopardized if local educational agencies feel that a major change such as this is being forced upon them without sufficient lead time to properly comply.
4. Another program change coming in such close proximity to the advent of cost base accounting seems bad philosophically.

As in the past, I thank you for the conscientious way you have worked on behalf of the school children in Kentucky and in particular for their nutritional needs while they are at school.

Sincerely yours,

REDWOOD TAYLOR,
Director, Division of School Food Services.

Enclosure.

COMMONWEALTH OF KENTUCKY,
DEPARTMENT OF EDUCATION,
Frankfort, Feburary 9, 1979.

To: Margaret O'K Glavin, Acting Director, USDA School Program Director.
From: Redwood Taylor, Director, Division of School Food Services.
Subject: Interim Rule 210, National School Lunch Program, Nutritional Requirements.

The Division of School Food Services, Kentucky Department of Education, would like to submit the following recommendations and comments in relation to Interim Rule 210, National School Lunch Program—Nutritional Requirements and specifically 210.19b—Field Testing and Interim Lunch Patterns.

RECOMMENDED CHANGES

I. Age—Grade level designation—210.19b (C)(4)(5)

Change.—Recommend that grades 7-8 (age 12-13) be placed in group IV rather than group V.

Rationale for change.—This recommendation is offered based from a management point of view since many school districts have grades 1-8 in one facility. This change would facilitate menu planning and food purchasing and production for such schools; it is concurrently recognized that local school districts always have the option to exceed the minimum requirements if they believe it is in the best interest of some or all of their students.

This recommendation is further emphasized by the fact that the Recommended Daily Allowance (RDA) of protein for children ages 12-13 is ten grams less than for ages 15-18, therefore, larger meat/meat alternate portions would not be necessary for this age group to fulfill the nutritional goal of one-third of the RDA for protein.

Designating grades 7-8 as part of group IV would also help to offset the increased cost of the larger portion of meat/meat alternate for group V and still meet the school lunch program nutritional goal of one-third of the RDA for protein for children in group V.

II. Second sitting requirement for groups I and II—210.19b(f)

Recommendation.—Allow for the exception of children age 4 located in a school situation to have one sitting for lunch, for example, a Headstart program sponsored by a local school district.

Rationale for change.—A second sitting requirement for children age 4 located in a school situation would cause operational difficulties and may also discourage school breakfast program expansion and/or outreach efforts. Due to many schools operating schedules, breakfast and two sittings for lunch may fall in such close proximity that excessive plate waste may result. In addition, it is felt that two seatings in the school situations could adversely affect the continuity of the instructional program.

III. Bread/bread alternate requirements—210.19b—Page 9—School lunch pattern requirements (minimum amounts of foods listed by food components . . .)

Recommendation.—It is recommended that the bread/bread alternate requirement for group V be decreased from ten to eight servings per week.

Rationale for change.—It is felt that the nutritional content of the additional bread/bread alternate would not be a determining factor as to whether a group V child would receive all RDA's for the week, but could be a factor in excess caloric intake, expecially for females in this age group since recommended caloric intake decreases.

Since the RDA for iron increases for group V, the increased meat portion and planning for iron-rich fruits and vegetables would be a better means of increasing iron intake than increased bread/bread alternate requirements.

The type A pattern normally provides 42 grams of carbohydrate, but with an additional serving of bread/bread alternate per day would provide approximately 57 grams which would constitute one-half of the day's requirement for carbohydrate rather than one-third as is the nutritional goal of the school lunch program. On a weekly basis this could result in an excessive intake of carbohydrate foods.

Due to the proposed crediting of rice and pasta products in the bread/bread alternate group, it is recognized that there is a need to increase meal pattern requirements; however, it is felt that increasing the bread/bread alternate requirement for group V by 100 percent is excessive.

Additional serving of bread/bread alternate above eight servings could be made available by the School Food Authority if it was deemed in the best interest of the students.

IV. Milk requirement—210.19b—Page 9—School lunch pattern requirements. (Minimum amounts of foods listed by food component . . .)

Change.—Change the statement "Two types of milk must be offered, one of which must be unflavored fluid low fat milk or skim milk or buttermilk," to read as follows:

Recommendations.—An unflavored fluid low fat milk or skim milk or buttermilk must be offered; in addition, it is recommended that another type of milk be offered which may be an unflavored or flavored fluid whole milk, low fat milk, skim milk or buttermilk.

Rationale for change.—Due to the wording of the milk requirement, it is felt that the majority of school administrators will automatically assume that requiring two types of milk means offering unflavored and flavored (chocolate) milk *daily*. The offering of flavored milk daily is inconsistent with the USDA's recommendation on reducing sugar in the school lunch program. According to a survey of professionals in the field of nutrition in Kentucky, a daily offering of flavored milk in the school lunch program would be inadvisable. In order to discourage offering flavored milk daily, the rewording of this requirement is recommended.

V. Reimbursement rates

Recommendation.—It is recommended that the cost of implementing new meal requirements for age/grade group V be reviewed to determine if increases in reimbursement rates and/or USDA donated food allocations are indicated.

Rationale for change.—If data collected in field testing of Interim Rule 210.19b indicates that meal costs for group V increased primarily due to consistently serving three ounce portion of meat/meat alternate, investigate feasibility of increasing reimbursement via section 4 and 11 rates and/or increased allocations of USDA donated foods. This is of greater concern if the larger meat/meat alternate portion results in higher cost to the paying child. This increased cost may result in decreased participation by the paying child if reimbursement rates and/or USDA donated foods are not increased.

VI. Second helpings—Interim rule 210, p. 5(3) Other concerns—Second helpings

Recommendation.—It is recommended that regulations and/or requirements concerning second helpings be deleted from the final regulations.

Rationale for change.—It is felt that time is needed to measure the impact of increased portion sizes prior to addressing second helpings and/or lunches. It is further believed that an acceptable accounting method would be very difficult to monitor, particularly in the category of free and reduced price meals since assurances must be guaranteed that the total number of free and reduced price meals served during a given day does not exceed the number of children designated as eligible to receive such meals based on approved applications.

VII. Student involvement—210.19b(q)

Recommendation.—Change the statement "school food authorities must involve students", to read as follows:

Change.—School food authorities are encouraged to involve students in the program through activities such as menu planning, enhancement of the eating environment, program promotion and related student-community support activities.

Rationale for change.—There are a number of ways, formal and informal, that school food service personnel receive student feedback of food service operations. Therefore, to require such specific activities to be implemented may impair an existing activity which is providing excellent feedback. It is also felt tht involvement of students would yield better results, both for school food service and for students, if the involvement is voluntary rather than required.

VIII. Time frame

Comment.—It is understood that USDA is currently projecting September 1, 1979, as the implementation date for the new meal pattern requirements. The Kentucky State Agency believes that this is an unrealistic target date since extensive training will need to be completed both by the State staff as well as local district personnel if the regulations are to be implemented in a systematic way, therefore, assuring program compliance. An effective date prior to the beginning of school year 1980–81 is deemed unrealistic.

Thank you for considering all of the above recommendations; we look forward to anticipating these changes in the final regulations.

MARCH 19, 1979.

Mr. REDWOOD TAYLOR,
Director, Division of School Food Services,
Department of Education, Frankfort, Ky.

DEAR REDWOOD: Thank you very much for your letter in which you express your concerns with regard to the Department of Agriculture's proposed lunch pattern requirements for the school lunch program.

It had been my hope to address your concerns during the Department's appearance before the Subcommittee on March 13th. Unfortunately, however, time did not allow us to focus upon this issue on that day. Therefore, I am drafting a letter to the Department relating your concerns and as soon as I receive a reply, I shall send it onto you for your information.

I enjoyed seeing you last Tuesday and I look forward to working with you on child nutrition in the future.

Sincerely,

CARL B. PERKINS, *Chairman.*

OVERSIGHT HEARINGS ON THE CHILD NUTRITION PROGRAMS

Section 7 of the Child Nutrition Act of 1966

TUESDAY, MAY 15, 1979

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ELEMENTARY, SECONDARY,
AND VOCATIONAL EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Erdahl, Kildee, Hinson, and Goodling.

Staff present: John F. Jennings, committee counsel; and Richard DiEugenio, minority legislative associate.

Chairman PERKINS. The committee will come to order.

Today, the Subcommittee on Elementary, Secondary, and Vocational Education is beginning its oversight of the child nutrition programs. Although we hope to cover a wide range of issues during this oversight, our primary focus will be on those programs whose authorizations expire at the end of fiscal year 1980. These programs include the summer feeding program, the set-aside for equipment assistance, State administrative expenses, and nutrition education.

Today, the subcommittee will be looking specifically at section 7 of the Child Nutrition Act of 1966. This section provides Federal funds to States for their administration of the child nutrition programs.

During the 95th Congress, I sponsored a number of amendments designed to strengthen the administration of the child nutrition programs on the State level. The most significant is the revision in the allocation formula for the distribution of funds to the States.

As amended, the new formula not only increases the percentage of funds entitled to the States, but also insures that this apportionment is equitable in terms of economies of scale.

A reallocation of unused funds is also available to those States that require additional funding in order to expand their programs. In addition, the summer feeding program and the child care food program now have separate funding mechanisms in order to facilitate the States' administration of these programs.

We are fortunate to have with us today a distinguished panel of witnesses. We have Mrs. Gene White, director of school food services, State of California, and Mr. T. G. Smith, director of school food services, State of Alabama.

We are glad to hear from you. Mr. Smith.

STATEMENTS OF T. G. SMITH, DIRECTOR OF SCHOOL FOOD SERVICES, STATE OF ALABAMA, AND MRS. GENE WHITE, DIRECTOR, SCHOOL FOOD SERVICES, STATE OF CALIFORNIA

STATEMENT OF T. G. SMITH, DIRECTOR OF SCHOOL FOOD SERVICES, STATE OF ALABAMA

Mr. SMITH. I am pleased to be invited to testify before the subcommittee at the beginning of its oversight hearings on the child nutrition programs and H.R. 27. I also think it is appropriate that the first hearing is dealing with the question of State administrative expenses.

Prosaic as the issue of funds for administration may appear on the surface, we believe that this issue probably has more bearing on the quality of school feeding programs than any other facing us today.

As you well know, Mr. Chairman, the number and scope of federally funded child nutrition programs has expanded enormously over the past decade. This expansion has, in large part, been due to the leadership provided by you and this subcommittee.

In addition to the regular school lunch program begun shortly after World War II, we have seen an enormous expansion in the past decade of the free and reduced-price lunch program; we have seen the breakfast program become permanent and begin to grow; we have also seen the addition of the summer lunch, child care, and nutrition education programs.

For most of this time, the great emphasis has been on new legislative initiatives, adequate funding, and program implementation. This emphasis has succeeded in putting in place programs all over the country and bringing food to millions of needy children.

But, as with any effort that seems to be working good in purpose and intent, there are inevitably problems—problems of insuring adequate and accurate accountability for the expenditure of vast sums of money and problems of insuring that the end product—the food and means—is delivering the nutritional quality with minimum waste that is desired.

Believe me, Mr. Chairman, and other subcommittee members, we have heard you loud and clear over the past several years regarding your strong desire for good management and high quality in the national school lunch and other child nutrition programs.

We believe that is what our membership is seeking to deliver. But it is important to keep in mind that we are running the largest daily institutional feeding program on Earth—26 million schoolchildren in the national school lunch program, 180 days every school year. It is a massive undertaking. When you add the other programs, it probably becomes the most complicated nutrition effort in history.

We applaud the programs and their objectives. They are the life's work of the American School Food Service Association. We are putting our hearts and souls into them—from State-level people like ourselves to district supervisors, right down to the men and women who work in local kitchens.

There has been a recognition in recent legislation that the program size and administrative component have not kept pace with each other. Indeed, until the past several years, there was no specific and assured funding level for States to perform the administrative tasks that are required.

It was with this problem in mind that we urged the Congress several years ago to establish in the law that State administrative expense funds should be set at no less than 1 percent nor more than 1½ percent of the funds spent the second previous fiscal year on school food programs.

This level permitted States for the first time to plan on an assured basis. We would like to emphasize, at this time, how important assurance and regularity are in administering programs at the State level. We are not independent actors. Most of us work within State departments of education, responsible to our own superintendents of education, Governor, and legislature of each State.

We must prepare our budgets and plans on an annual basis years in advance, which must be submitted to one or more higher authorities, which ultimately must fit with the overall State budget and plans. Oftentimes, it requires as much as 9 months to use additional funds after they have been allocated. As you can imagine, everything we do requires exact knowledge regarding what funding will be available from the Federal level.

It is especially important when you are building a professional staff to be able to attract good people, to have adequate time to find qualified individuals, and to keep them on staff over a period of time, for them to become effective. Most States have some type of merit system which precludes hiring or dismissing staff indiscriminately.

Clearly, as the result of the assured 1-percent funding, we are now building the kinds of staffs that are imperative to improve both the fiscal management and nutritional quality of our programs. But there are still problems.

Prior to Public Law 95-627, the Secretary had authority to request up to 1½ percent for SAE funds. Last year, we expressed our disappointment that the administration had only requestsed the minimum appropriation of 1 percent rather than the maximum 1½ percent. As a result, ASFSA and State directors asked and the administration supported committee action to make the SAE funding level a fixed 1½ percent in Public Law 95-627.

At that time, we believed that the increased one-half percent would be distributed to the States on the same basis as the 1 percent. However, section 7(4) gave discretion to the Secretary to allocate the additional one-half percent to those States that he determined needed additional assistance in—but not limited to—improving program integrity and the quality of meals served to children. Unfortunately, this does not take into account the need of all States to receive the additional funds on the regular formula basis to deal with inflation, program growth, and other program expansion.

The administration is now requesting an additional, supplemental appropriation of $7 million, on top of the $25 million that the States are to receive, to implement their discretionary program.

Subsequent to the legislation last year, States became extremely concerned with the administration's plans regarding the one-half percent. The administration had developed a program administration review system—better known as PARS—that was going to be used to withhold the previous guaranteed 1 percent in SAE funds if State agencies failed to meet certain USDA management requirements. Under this system, USDA/FNS was essentially using the one-half percent in discretionary funds to define for the States what they should be doing in administering the program, as well as threatening to withdraw funds if local program operations did not meet the poorly defined performance standards.

As a result of meetings between USDA/FNS, ASFSA, and representative State directors, PARS was pulled back and is being replaced by an alternative system—assessment, improvement, and monitoring system—better known as AIMS. While AIMS discards the mathematical formula, it still prescribes for States details of program management that they must take to insure program integrity.

Frankly, Mr. Chairman, we desire to improve the administration and quality of the programs. We do not quarrel with this intention or objective; it is everybody's objective. That is why we consistently fought for adequate SAE funding. But we do not think AIMS is an effective way to go about it.

In a nutshell, Mr. Chairman, we think it is appropriate for USDA/FNS to spell out standards pursuant to the law results, but we think States should have the right to devise the means of achieving those results, including the staff and management techniques that are necessary. We are willing to meet clearly defined standards, but we need the people and assured funds to do the job—not FNS in Washington, or regional offices.

We believe our approach is more consistent with the President's and Congress desire to decentralize administration of Federal programs to the State and local level as much as possible. The success and durability of this program for 33 years is due to the initiative, dedication, and creativity of people at the local level. If the full 1½ percent SAE funds were mandatory to all States, as is the 1 percent, then we could spend those funds in the most efficient manner.

In addition to our belief that the full 1½ percent can be best used at the State level on the same basis as the 1 percent, we also would like to make the funding formula more flexible for several reasons.

First, the use of the second previous year as the baseline to calculate SAE funds on program performance means we are always 2 years behind the times. Program growth around the country is running about 8 to 9 percent annually, meaning that we are 16–18 percent behind on our SAE funds during the year we actually receive them. There should be some way to build this growth factor into the allocation.

Second, there are some years when unusual circumstances—a natural disaster such as snow or flooding, or a prolonged shutdown of schools due to a strike or energy shortage—might reduce the size of a program temporarily. Yet, 2 years later, States would not receive SAE funds commensurate with normal operations. Perhaps there should be some appeal process to account for unusual circumstances like this.

One last point I would like to make, Mr. Chairman, has to do with the provision for carrying over SAE funds that expire at the end of fiscal year 1979. This carryover was put in the law because we were moving to the full 1 percent during this school year. Yet, as we explained previously, it is in the nature of expanding administrative capacity that things move slowly. States must have fixed and hard moneys from year to year on which they can rely to build and maintain staff and facilities to do an effective job. For instance, it usually takes a minimum of 9 months to establish a new staff position at the State level. We believe it would be extremely helpful to have a permanent carryover provision, thereby giving us the opportunity to make full use of the funds that have been made available to us, as is the practice with other educational programs.

This completes my testimony, Mr. Chairman. Once again, I thank you for the opportunity to speak before the subcommittee.

Chairman **PERKINS**. Thank you very much. This was good testimony. While you are there, Mrs. White, we will hear from you, at this time.

STATEMENT OF MRS. GENE WHITE, DIRECTOR, SCHOOL FOOD SERVICES, STATE OF CALIFORNIA

Mrs. **WHITE**. Thank you, Mr. Chairman.

Mr. Chairman and members of the subcommittee:

Thank you for the opportunity to appear here today to share with you my perspectives on the State Administrative Expense (SAE) funding available for child nutrition programs. I would like to pause in appreciation for your leadership in providing these oversight hearings. We in California face substantial administrative problems in child nutrition programs which, I believe, indicate a need for administrative changes. These changes would benefit not only this State, but perhaps other States as well.

My comments will address the following issues:

One: Funding level—Is the current level of SAE funding adequate for effective State administration?

Two: Funding allocation—Should SAE funds be allocated to States on a straight percentage basis or on a basis of a USDA-devised assessment of each State's need?

Three: Funding formula—Should SAE allocations be based on program expenditures in the second preceding fiscal year as currently authorized or upon a realistic projection of current program expenditures and needs?

As a starting point, let us address the first question: Is the current level of SAE funding adequate for effective State administration? We believe it is not. We are particularly concerned about the USDA's allocation of funds to the States which we believe is not consistent with legislative intent. We believe that no less than 1½ percent must be appropriated and allocated to the States if we are to have adequate, responsible administration of child nutrition programs.

Public Law 95-627 provided that the appropriation for State administrative expenses be not less than 1½ percent of Federal funds expended under sections 4, 11, and 17 of the National School Lunch Act and 3, 4, and 5 of the Child Nutrition Act of 1966. However, because the appropriations bill for fiscal year 1979 was enacted prior to Public Law 95-627, sufficient funds have not been available to fully fund the overall 1½-percent mandate. Allocation formula for the child care food program and the summer food program are etablished by statute at a minimum of 2½ percent.

Two basic problems have developed: (1) Although the current appropriation is based upon 1½ percent of program expenditures, USDA has chosen to allocate only approximately 1 percent of this amount to the States. (2) The child care food program and summer food program have mandated allocations at the 2½-percent level. Actually, the administrative expenses for those programs far exceed this 2½-percent level, thereby requiring the use of the allowed 10 percent SAE fund that may be transferred from school lunch and school breakfast programs. Lunch and breakfast are, therefore, administered with whatever funding is left—and that is insufficient. We believe a similarly adequate mandate for these programs is also necessary.

Let me explain further why existing funding levels are inadequate. Rapid program growth, particularly in the private sector, has greatly increased the need for State agency assistance and monitoring—a need which is not being adequately met due to inadequate SAE funds. For example, the child care food program in California has grown by over 100 percent in the past 3 years. We find many of our 600 program sponsors are small nonprofit private agencies which need extensive technical assistance and monitoring if they are to operate good-quality, fully accountable programs consistent with the legislative intent. In the past, the majority of our child nutrition programs were operated by school districts which usually had adequate administrative and management capabilities. Now, with many small private agencies entering the programs, State personnel must perform administrative tasks which in the past could be partially shared between State agency and local sponsors. We find it virtually impossible to meet this increased need for technical assistance and program review.

Next, recent changes in Federal law and regulations have greatly increased the complexity and scope of the State agency responsibilities for program administration. Funding is simply not adequate to meet these new demands. For example, the new regulations for food management company operations place major responsibilities on State agencies for annual contract review, registration of management companies and onsite monitoring. In California, we need three additional staff members just to handle just these new regulatory requirements. Although we fully support these regulations, we are deeply concerned about the unfunded additional staffing needs.

As a further example, we find the audit requirement and advance funding mandate for the child care food program requires additional staff, computer program rewrite and other administrative costs which are not adequately funded under the existing SAE allocation.

Also, the summer food service program is still another example of the disparity between staffing needs and available funds. As you may know, California recently transferred the administration of this program to the Department of Agriculture. We took this action reluctantly, but felt we had no other alternative in view of the major administrative problems of the program. Inadequate funding for staff was indeed one of these problems. USDA apparently finds a similar need. It is our understanding USDA has augmented its resources substantially above what California was provided for the same administrative tasks. Whereas California had six full-time staff members assigned to the program, it is our understanding the USDA has now assigned 15 full-time persons. Also, in 1978 California was able to provide 61 part-time employees for site monitoring on a statewide basis. USDA has substantially increased this staff as well. So, it appears quite clear that funds allocated to States simply are not adequate to do the job.

In California, we have identified the need for a minimum of 30 additional staff positions if we are to adequately administer the programs this year. This needs assessment was made by our independent management analysis unit within the Department of Education. The study shows these 30 positions could have been provided this year if the full 1½ percent SAE appropriations had been allocated to the States. We find these positions are absolutely essential to provide good-quality, fully accountable programs in this State which has over 3,000 program sponsors serving approximately 2½ million meals daily at 15,000 sites.

Having addressed the need for increased levels of funding, let us proceed now to the next issue:

Should SAE funds be allocated on a straight percentage basis or on the basis of a USDA-devised assessment of each State's needs?

We believe these funds should be allocated on a strict percentage basis. Public Law 95-627 states that all States shall receive 1 percent with the remainder to be allocated by the Secretary of Agriculture "in amounts the Secretary determines necessary for the improvement in the States of the administration of the programs." We would argue that it is very difficult for the Secretary to determine the real needs of each of 50 States without a detailed analysis of the administrative systems and structures used in each State. Hence, the major real world effect of this provision of law is uncertainty—uncertainty as to each State's SAE allocation, uncertainty regarding how to plan, uncertainty regarding how many staff to employ, uncertainty regarding the services to be provided sponsoring schools and agencies. States must know well in advance of the fiscal year the specific amount of SAE funds to be allocated if realistic and effective management plans are to be developed and implemented. And so the States can then develop a realistic administrative plan.

The third and final issue to be addressed concerns the formula for determining State allocations: Should SAE funding allocations be based upon 2-year-old program expenditure data or upon realistic projections of current program expenditures?

Current law requires that all SAE allocations shall be a percentage of the total program expenditure in the second preceding fiscal year. In reality, this means that we, the States, are always 2 years behind. In programs of rapid growth, this means we are operating programs today with the staff necessary for the smaller program size 2 years ago.

If I may be presumptuous in again using California as an example, our child nutrition programs have experienced an overall growth of approximately 10 percent each year for the past several years. Using fiscal year 1977 program expenditures as the basis for establishing fiscal year 1979 administrative needs and costs, is totally unrealistic. Obviously, this creates a 20-percent deficiency for our current needs, and its sponsors.

I would urge Congress to base annual SAE allocations on realistic, timely projections for each State's current program participation and expenditures. This will enable States to keep pace with current program trends and complexities.

In summary, my recommendations can be stated quite simply: I believe SAE funds should be appropriated at no less than 1½ percent of the projected current year's expenditures for child nutrition programs, and that these funds be directly allocated to each State at not less than this 1½-percent level.

Thank you for the opportunity to discuss these issues with you today.

Chairman **Perkins**. Mrs. White, I agree wholeheartedly with your testimony. I am doing my dead level best to try to keep the school lunch program from being cut back in general, and I am sure you realize what a difficult task many of us are having trying to get additional funding for programs such as title I that impacts the student assistance programs, vocational education, and numerous other educational programs which are more or less running into a stone wall.

I am just wondering, how have you used your increased funding during the past 2 or 3 years? Have you used it in the way of employing additional people to administer the school lunch programs and so forth?

Mrs. **White**. Yes, sir. We have been able to take the 1-percent funding base and to translate those dollars into additional staffing positions.

We have particularly placed these positions in the field and in the areas of heavy program concentration. We have found this has certainly helped our program concentration.

Chairman **Perkins**. What comment do you care to make?

Mr. **Smith**. We have employed additional staff, Congressman Perkins. We have also developed an auditing staff to conduct the audits.

Chairman **Perkins**. Would you mind telling us the dollar amounts that you received the last 3 years, Mr. Smith?

Mr. **Smith**. We are to receive roughly $614,000 this year; last year it was $120,000 less.

Chairman **Perkins**. Last year it was $120,000 less. Your school lunch program is growing so you received more this year?

Mr. **Smith**. That is correct.

Chairman **Perkins**. That 1 percent amounted to more. And the year before last, how much did you receive?

Mr. **Smith**. I do not remember exactly.

Chairman **Perkins**. What about you, Mrs. White?

Mrs. **White**. I was prepared to answer for this year; I would have to do some checking on the preceding years. This current fiscal year our current allocation is approximately $2.1 million for administration of all programs, the child care program and the audit program, but essentially $2.1 million.

Chairman **Perkins**. I have one other question here. The national appropriation has increased from $14 million in 1977 to $25 million in 1978, and $34 million in 1979.

Am I correct? You do not know that?

Mr. **Smith**. No.

Chairman **Perkins**. But the national appropriation has increased.

Mrs. **White**. Definitely.

Chairman **Perkins**. According to the records it was $14 million in 1977, $25 million in 1978, $34 million in 1979.

Thank you very much for your testimony. You have been most helpful.

Mr. **Kildee**.

Mr. **Kildee**. I have no questions.

Chairman **Perkins**. Mr. Erdahl.

Mr. **Erdahl**. I do not have any questions, but I wanted to pass on a personal greeting from Mr. Buchanan to Mr. Smith. He regrets he cannot be here because of another meeting he had to attend. Congressman Buchanan is one of our active Members.

Thank you, Mr. Chairman.

Chairman **Perkins**. Thank you very much, Mrs. White and Mr. Smith.

Our next witness is Mr. Robert Greenstein, Acting Administrator, Food and Nutrition Service, U.S. Department of Agriculture. We welcome you here.

Without objection your prepared statement will be inserted in the record. Proceed anyway in which you like.

[The prepared statement of Robert Greenstein follows:]

PREPARED STATEMENT OF ROBERT GREENSTEIN, ACTING ADMINISTRATOR, FOOD AND NUTRITION SERVICE, USDA

Mr. Chairman and members of the committee, I am pleased to be here today in response to your request to discuss State Administrative Expense funds. These funds are authorized under Section 7 of the Child Nutrition Act. The amount of funds provided by Congress for SAE has grown from a modest amount in 1969 to about $35 million for 1980. Recent amendments to Section 7 have provided major changes in the authorization levels and methods for allocating funds among the States. I would like to bring you up to date on the background and status of the program.

Background and history

Congress first authorized the use of funds for State administrative expense in Section 7 of the Child Nutrition Act of 1966. However, funds were not appropriated by the Congress for this purpose until fiscal year 1969. Two separate appropriations were made that year for SAE. The first provided $750,000 for use by the States in administering the new Special Food Service Program for Children authorized under Public Law 90-302. At that time the Special Food Service Program for Children included both the Child Care and Summer Programs. The second appropriation provided for the use of up to $1 million of Section 32 funds for State administrative expenses to expand school meal service.

These appropriations of [illegible].75 million provided significant support to State efforts to expand the availability of free and reduced price lunches to needy children; to initiate breakfast programs in schools; and to inaugurate both the Summer and

Child Care Food Service Programs. From 1969 onward, SAE funds grew steadily, and reached $13.7 million in fiscal year 1977. (See Attachment A).

Public Law 95-166

Congress in answer to the States' request for an assurance on the level of funding for SAE, revised Section 7 of the Child Nutrition Act through Public Law 95-166 on November 10, 1977.

Among other things Public Law 95-166 provided for the allocation of funds to the States on the basis of school and child care program funds expended during the second preceding fiscal year. For fiscal year 1978 the SAE amount was based on 1 percent of the program funds. The amount for fiscal years 1979 and 1980 was to be based on not less than 1 percent and not greater than 1½ percent.

This change increased total State administrative expense funds, but an unintended consequence of the State allocation formula was to concentrate much of the increase in a few States. Six major States received close to half of the increase in SAE funds. The remaining funds were distributed among the other States and many small States received little if any increase at all. Moreover the formula was not responsive to the needs of the child care food program. This program has many institutions serving small numbers of children and the cost of administering this program is greater than for the School Lunch Program.

Fiscal year 1979 budget request

Our budget request for fiscal year 1979 was for $25 million and included $21 million for SAE based on 1 percent of State program expenditures during the second preceding fiscal year. This $21 million represented an increase of approximately $2 million over the fiscal year 1978 level.

In addition, the fiscal year 1979 request included $4 million to be allocated by the Secretary to the States for management improvement. These funds would be made available by the Secretary to States for the identification and correction of problems associated with accountability in the Child Nutrition Program.

The total of $25 million requested was approved by the Congress in the Appropriation Act on October 11, 1978.

At the end of fiscal year 1978 unobligated SAE funds at the State level amounted to $3.0 million. Public Law 95-166 also allowed States to carry over unused fiscal year 1978 SAE funds for use in fiscal year 1979. The total amount of SAE funds available in 1979, from appropriated funds and carryover, stood at $28 million prior to the enactment of Public Law 95-627.

Public Law 95-627

On November 10, 1978, one month after the Appropriation Act, Congress enacted Public Law 95-627, which changed the authorized level of funds for use under Section 7 and the allocation formulas for providing these funds to the States.

The Act provided for an authorization level of 1½ percent, with a number of allocation formulas for distributing the funds among the States. First and foremost the Act provided that not less than 1 percent, based on School Program expenditures, was to be provided to the States. Second an allocation formula to provide funds for the administration of the Child Care Program was established. Third the Secretary was provided discretion in the allocation of the remaining funds.

These changes fixed the level of assistance at not less than 1½ percent of program expenditures during the second preceding fiscal year for fiscal years 1979 and 1980. This required the appropriation of additional funds for fiscal year 1979. With the enactment of Public Law 95-627, and the required authorization level of $32 million, the fiscal year 1979 SAE appropriation of $25 million was $7 million less than the required authorization.

Reprograming request

In order to meet this shortage and provide the States with funds in a timely manner, the Department submitted a request to the Agriculture Appropriations Subcommittees in February to allow the Secretary to reprogram $7 million in available funds for this purpose. Subsequently the Subcommittees informed the Department that a reprogramming of funds for SAE would not be legal, and that the additional $7 million could only be provided through a supplemental appropriation.

The Department has developed and submitted to OMB a request for supplemental funds for SAE.

Regulatory action

The Department is presently developing a number of regulatory proposals affecting State Administrative Expense funds. These proposals are designed to strengthen program administration by targeting SAE funds to particular program needs.

To provide States with advance information on the way we plan to use the remaining SAE funds, we expect to propose these regulations shortly. By the time Congress appropriates the supplemental funds, we will have final regulations on which the supplemental funds will be allocated.

These regulations would first be structured for distributing SAE funds to States on the basis of the statutory formulas provided in Public Law 95–627.

Certain provisions of the new law are non-discretionary in nature. One of these included a change in the allocation formula. For school programs, State agencies are guaranteed one percent of the funds expended for the programs in the second preceding fiscal year as a base payment. Each State is further guaranteed a minimum amount. For the Child Care Food Program, State agencies earn funds based on a formula specified in the law.

The law allows the Secretary to use some funds at his own discretion. because of serious management problems the Secretary would use this discretionary authority to target these funds on specific program areas which need increased monitoring and improved management systems.

First, we plan to allocate some SAE funds specifically for Food Distribution. Through the Food Distribution Program, States receive from USDA and distribute to schools about $750 million worth of donated food each year. This represents 20 percent of all food used by schools and other outlets in the Child Nutrition Programs.

State administration of the Food Distribution Program is carried out by the State education department in 60 percent of the States. The other 40 percent of the States direct the distribution of donated food through other Departments such as agriculture, welfare, general services or finance. Staffs of the State distributing agencies are generally small compared to the job to be performed.

The school lunch commodity distribution program has come under considerable scrutiny in recent months, through a comprehensive audit of State commodity processing contracts. The agency requested the OIG to undertake this audit because of the serious potential for misuse and diversion in the system of processing contracts. Processing contracts between State agencies and private commercial firms are used to convert donated foods into different end products or to repackage donated foods into smaller units such as flour into baked products or bulk ground beef into beef patties. About 27 State Distributing Agencies have processing contracts. nearly 400 food companies are involved in processing donated foods.

The OIG audit found that serious accountability problems exist in the receipt, use and disposition of donated foods. In one case USDA choice hamburger with 30 percent fat was turned over to a processor. However, the schools received hamburger patties made from imported beef that was 30 percent fat. In another instance there were 12 processors who sold donated foods to commercial outlets, exchanged donated foods with their own commercial inventories and could not physically account for about $3.4 million of donated foods that should have been in their inventory.

These problems clearly indicate the beneficiaries, the children eating school lunch, are the losers in terms of product quality and nutrition where these practices operate and continue unchecked. The Department will be taking steps to tighten the controls on processing contracts. We have been working with State distribution agents to develop appropriate contracts to correct deficiencies and to assure processors and recipient agencies understand each others' responsibilities. Increased monitoring of product substitutability, yield factors and local awareness by the Department and the States should reduce the occurrence of current problems. The Department has completed 7 seminars across the U.S. directed at food procurement in which inspection and grading services, buying practices, market news services, federal trade requirements, and processing contracts were discussed with State and local officials involved in purchasing food for schools.

Some State administrative expense funds will be made available for the specific use of States to carry out the distributing agent responsibilities. States have requested this. Authority is contained in the current legislation for States to use State administrative expense funds for food distribution activities but generally this has not been done. We want to assure that some SAE funds will be allocated and used for food distribution activities, particularly in those States where the Distributing Agency is not the State Educational Agency.

There has been increasing concern by the Congress, the executive branch, and the public at large that the quality of programs and accountability for program funds be improved. Accordingly, we plan to distribute SAE funds to States to support their implementation of the new school meal program management improvement system that we are now developing. Because the need for this system is so great, and because SAE funds will play a critical role in its implementation, I would like to discuss the background of our regulatory proposal in some detail.

In recent audits, the Department's Office of Inspector General has discovered a variety of administrative problems tied to the meal reimbursements paid to local school districts. Audits by our Inspector General have disclosed, for example, that about 10 percent of free lunch application forms have not been checked by local authorities for completeness or for the eligibility of the applicants. This carelessness in reviewing free lunch applications is prevalent throughout the country; in an audit of the 11 largest program States, it was discovered that over 80 percent of the 186 school food authorities audited had submitted claims for meals served free or at reduced-price to students who eligibility was not properly established in the records. This clearly results in the payment of excess reimbursements to those school food authorities.

In addition, we are finding increasingly that schools do not keep adequate accounting records to substantiate the reimbursements they receive for school meals. Some school districts also fail to vary reimbursement rates according to meal cost, so that total reimbursements may regularly exceed meal cost by an unknown amount. Related findings have identified school meals that do not comply with Type A lunch requirements.

School lunch program audits have also disclosed inadequacies in the systems local schools and school food authorities use to record the actual numbers of free, reduced price and paid meals served to children. If these records are inadequate or incomplete, this also can result in schools districts' receiving larger amounts of reimbursement than their meal service warrants. We have found significant abuse in this area. A common discrepancy is to find that a school with one hundred children certified for free meals claims one hundred free meals every day. On any given day only ninety of the one hundred children actually attend school and only eighty of them decide to take their free lunch. The Federal reimbursement for the twenty free meals claimed but not actually served free is used to reduce the overall cost of the food service program or used as a hidden subsidy for a la carte food or meals purchased by adults or students required to pay the full price.

Audit findings such as these place the continued public support for the child nutrition programs in jeopardy. We must take steps to increase both the Secretary's and the States' authority to deal with these problems. We are committed to improving program integrity and reducing this administrative waste and error in the school meal programs.

Accordingly, we are proposing to tighten the administration of the school meal programs through the establishment of a new accountability system in all States. This system, called the Assessment, Improvement, and Monitoring Systems, or AIMS, will require States to monitor closely those points at which the school meal programs are most susceptible to abuse and mismanagement. The system will take into account the fact that the greatest savings on free and reduced price meal claims can be obtained in the school districts with the largest numbers of free and reduced price meals served.

The States will be directed to investigate and uncover weaknesses in program management by the school districts and to correct these deficiencies. Actions will be taken where appropriate, to ensure:

> that the number of free and reduced-price meals claimed does not exceed the number of free and reduced price meals served or the number valid free or reduced-price applications on file;
>
> that controls have been established on reimbursements to the individual schools so that reimbursements do not exceed the actual cost of producing the meals;
>
> that the meals claimed for reimbursement are in compliance with the Federal meal pattern requirements.

If systematic State reviews of local school food authorities disclose significant violations of these standards, we will collect reimbursements improperly paid.

This new system will require that State agencies increase their monitoring of local school food authorities. We recognize that this increased monitoring will necessitate additional resources in State agencies.

Workload increases will not be identical in all States, however, because the AIM system will focus additional monitoring on the school food authorities where potential losses from mismanagement and abuse are the greatest. For this reason, a straight percentage distribution of SAE funds applied equally to all States would not distribute resources in accordance with need.

The Secretary's discretionary authority is the vehicle needed to develop an allocation formula that will closely track the increased workload generated by the AIM system. The formula we are developing would take into account the number of school food authorities, the number of free and reduced price meals, and number of school food authorities with an enrollment of over 40,000 students. We have already held some discussions with State agencies on the method of distributing these funds.

We believe this approach in using discretionary funds most appropriate and a direct complement to the non-discretionary funds provided State agencies.

Legislative proposal

On March 13 we appeared before this Committee to present the major provisions of the administration's legislative proposal for this year. Several sections of that proposal would affect State administrative expense funds, and I will summarize those briefly.

First, we recommended that all State administrative expense funds be available to States for use as needed in meeting the cost of administration of the School Programs and the Child Care Food Program. Currently the law requires States to use administrative funds exclusively for the program designated in the allocations. This restricts a State's administrative latitude. Our recommendation would provide School and Child Care administrative funds in a lump sum to the State agencies that administer more than one of these food service programs, and would permit State agencies to apply resources where the needs are greatest. States would no longer be required to direct interchangeable staff talent solely to a specific program. This will allow the State flexibility to develop staff resources for several programs and when necessary, retarget those resources to problem areas without the fear of being unable to account for fund usage in a given program. This is consistent with our goal to improve the quality and integrity of program administration.

Second, we recommend increased amounts of administrative expense funds for the summer and child care program. New formulas would provide a base grant to each State, to which the current statutory formula would be added, limited only by a cap designed to maintain administrative funds as a reasonable proportion of program funds. These additional funds will be allocated from administrative expense funds already available to the Secretary, and we wish to distribute these additional resources to States to support the management of the child care and summer food programs.

Finally, we are seeking authority to withhold all or part of a State's administrative expense funds if serious deficiencies in a State's administration of the programs are revealed by the new accountability system, or by our own management evaluations. Of course, before we took such action, a State would be permitted sufficient time to correct the deficiencies observed. If the deficiencies were later corrected, some or all of the funds which had been withheld from the State could be returned. Such authority has existed in the Food Stamp Program for many years, and was added to the Special Supplemental Food Program for Women, Infants, and Children, by last year's amendments to the Child Nutrition Act. In the Food stamp Program the Secretary is mandated to withhold funds upon certain findings, but the WIC and the Child Nutrition Programs we believe greater flexibility is appropriate, so the withholding would be permissive.

The Inspector General supports our proposal to withhold administrative expense funds in the event of serious program deficiencies. In recent testimony before the Senate Appropriations Subcommittee for Agriculture, Inspector General McBride endorsed our commitment to a management system that will set standards for State and local program administration. To insure accountability we need the authority to withhold administrative funds.

The basis for strong Child Nutrition Programs in future years lies in sound administrative controls that establish the parameters within which States may manage the programs with maximum flexibility to meet local needs. Our legislative proposal this year would shape our system of State administrative expense funds to provide States with both incentives and assistance to carry out their responsibilities under the School and Child Care Meal Programs.

Thank you for the opportunity to appear before the Committee today.

[Attachment A]

STATE ADMINISTRATIVE EXPENSE FUNDS

[In millions of dollars]

Fiscal year	Section 7	Child car/summer	Total
1969	1.8		1.8
1970	2.8		2.8
1971	3.5		3.5
1972	3.5		3.5
1973	3.5		3.5
1974	3.8		3.8
1975	6.7		6.7
1976	11.2	2.4	13.5
1977	13.7	3.4	17.1
1978	19.2	4.7	23.9
1979	32.0	5.2	37.2
1980	34.9	5.7	40.6

[Attachment B]

STATE ADMINISTRATIVE EXPENSE FUNDS [1]

[In millions of dollars]

Fiscal year	Available	Obligations
1969	1.8	0.5
1970	2.8	1.6
1971	3.5	2.4
1972	3.5	2.9
1973	3.5	3.2
1974	3.8	3.6
1975	6.7	5.2
1976	11.2	6.6
1977	13.7	12.6
1978	19.2	16.0
1979	[2] 32.0	
1980	[3] 34.9	

[1] Excludes child care audits and summer SAE.

[2] $25,000,000 appropriated, balance included in proposed supplemental.

[3] Budget proposal.

STATEMENT OF ROBERT GREENSTEIN, ACTING ADMINISTRATOR, FOOD AND NUTRITION SERVICE, DEPARTMENT OF AGRICULTURE

Mr. **Greenstein**. Mr. Chairman and members of the subcommittee, I am pleased to be here today in response to your request to discuss State administrative expense funds. These funds are authorized under section 7 of the Child Nutrition Act. The amount of funds provided by Congress for SAE has grown from a modest amount in 1969 to about $35 million for 1980. We have a chart over there showing the State expenditure fund. The middle column only starts in 1976 because it was as a result of legislation passed by this committee and Senate Agriculture Committee that new categories for child care programs and summer feeding were created. Recent amendments to section 7 have provided major changes in the authorization levels and methods for allocating funds among the States.

Chairman **Perkins**. Summer feeding represents the middle column?

Mr. **Greenstein**. Yes.

Congress in answer to the States' request for an assurance on the level of funding for SAE, revised section 7 of the Child Nutrition Act through Public Law 95-166 on November 10, 1977.

Among other things Public Law 95-166 provided for the allocation of funds to the States on the basis of school and child care program funds expended during the second preceding fiscal year. For fiscal year 1978 the SAE amount was based on 1 percent of the program funds. The amount for fiscal years 1979 and 1980 was to be based on not less than 1 percent and not greater than 1½ percent.

This change increased total State administrative expense funds, but an unintended consequence of the State allocation formula was to concentrate much of the increase in a few States. Six major States received close to half of the increase in SAE funds. The remaining funds were distributed among the other States and many small States received little if any increase at all. Moreover, the formula was not responsive to needs of the child care food program. This program has many institutions serving small numbers of children and the cost of administering this program is greater than for the school lunch program. Since child care centers tend to be small, the percent of funds needed to administer child care is higher than the proportions in the school feeding program where an individual school may have 500 or 1,000 students. Since most of the money is in schools it would penalize those States with large child care programs and benefit those large populous States with small programs.

Chairman **Perkins**. I would like for you to submit for the record, a breakdown of the last 3 years of the allocations State by State. Would you do that?

Mr. **Greenstein**. We would be happy to do that.

[The information follows:]

STATE ADMINISTRATIVE EXPENSE FUND ALLOCATIONS, FISCAL YEAR 1979

State	School [1]	Child care [2]	Total
New England:			
Connecticut	$202,988	$44,003	$246,991
Maine	110,761	34,852	145,613
Massachusetts	485,394	84,764	570,158
New Hampshire	100,000	30,107	130,107
Rhode Island	100,000	36,538	136,538
Vermont	100,000	24,389	124,389
Mid-Atlantic:			
Delaware	100,000	34,728	134,728
District of Columbia	151,545	35,340	186,885
Maryland	314,609	49,034	363,643
New Jersey	631,700	134,661	766,361
New York	1,575,667		1,575,667
Pennsylvania	799,282	144,326	943,608
Puerto Rico	581,542		581,542
Virginia	450,082		450,082
Virgin Islands	100,000	15,309	115,309

STATE ADMINISTRATIVE EXPENSE FUND ALLOCATIONS, FISCAL YEAR 1979—Continued

State	School [1]	Child care [2]	Total
West Virginia	206,217	35,487	241,704
Southeast:			
Alabama	511,731	134,925	646,656
Florida	832,130	161,504	993,634
Georgia	729,251		729,251
Kentucky	441,638	73,154	514,792
Mississippi	418,168	171,577	589,745
North Carolina	814,724	125,489	940,213
South Carolina	436,300		436,300
Tennessee	485,811		485,811
Midwest:			
Illinois	876,310	118,521	994,831
Indiana	338,419	70,656	409,075
Michigan	560,238	103,386	663,624
Minnesota	300,622	48,009	348,631
Ohio	721,999	91,570	813,569
Wisconsin	297,687	54,222	351,909
Southwest:			
Arkansas	247,665		247,665
Louisiana	621,502	89,426	710,928
New Mexico	173,498	44,349	217,847
Oklahoma	256,592	72,720	329,312
Texas ED	1,298,377		1,298,377
Texas H		164,636	164,636
Mountain Plains:			
Colorado	171,178	59,546	230,724
Iowa	212,327	45,662	257,989
Kansas	169,405	43,778	213,183
Missouri	386,280		386,280
Montana ED	100,000		100,000
Nebraska	100,000		100,000
North Dakota	100,000		100,000
South Dakota	108,555	29,895	138,450
Utah	121,615	23,862	145,477
Wyoming	100,000	20,346	120,346
Montana H	58,664	30,967	89,631
Western H:			
Alaska	100,000	23,792	123,792
American Samoa	100,000		100,000
Arizona	189,056	49,105	238,161
California	1,795,170	215,155	2,010,325
Guam	100,000		100,000
Hawaii	100,000		100,000
Idaho	102,569	18,718	121,287
Nevada	100,000	23,685	123,685
Oregon	146,432		146,432
Trust Territory	100,000	16,129	116,129
Washington	219,381		219,381
Total	21,053,081	2,828,322	23,881,403

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[1] Schools based on 1 percent of school lunch, special milk, school breakfast, and food service equipment assistance program expenditures in fiscal year 1977.

[2] Child care based on child care program expenditures in fiscal year 1977.

STATE ADMINISTRATIVE EXPENSE FUNDS ALLOCATION, FISCAL YEAR 1977–78

State	Fiscal year 1977	Fiscal year 1978
New England:		
Connecticut	$131,614	$216,593
Maine	54,803	110,760
Massachusetts	273,990	491,654

STATE ADMINISTRATIVE EXPENSE FUNDS ALLOCATION, FISCAL YEAR 1977-78—Continued

State	Fiscal year 1977	Fiscal year 1978
New Hampshire	46,661	121,365
Rhode Island	47,796	93,443
Vermont	81,371	101,737
Mid-Atlantic:		
Delaware	86,436	86,436
District of Columbia	81,118	151,544
Maryland	238,402	346,130
New Jersey	276,579	478,613
New York	704,215	1,366,873
Pennsylvania	485,773	731,054
Puerto Rico	349,069	516,526
Virginia	69,735	422,806
Virgin Islands	19,517	75,000
West Virginia	177,340	206,217
Southeast:		
Alabama	358,535	494,623
Florida	409,732	753,723
Georgia	184,481	648,034
Kentucky	339,058	440,209
Mississippi	165,634	418,167
North Carolina	478,881	751,663
South Carolina	102,899	415,114
Tennessee	151,251	435,493
Midwest:		
Illinois	337,210	781,413
Indiana	178,958	338,250
Michigan	225,562	503,544
Minnesota	127,428	285,843
Ohio	278,015	673,460
Wisconsin	179,474	279,884
Southwest:		
Arkansas	126,100	244,757
Louisiana	457,890	602,251
New Mexico	89,266	110,001
Oklahoma	210,512	238,454
Texas ED	201,405	877,377
Texas H		122,774
Mountain Plains:		
Colorado	139,564	182,020
Iowa	178,577	294,589
Kansas	107,448	149,406
Missouri	72,614	349,020
Montana ED	45,514	85,918
Nebraska	103,115	116,397
North Dakota	55,598	75,000
South Dakota	84,101	108,556
Utah	95,288	121,614
Wyoming	35,000	65,000
Montana H	5,448	58,663
Western:		
Alaska	73,279	90,333
American Samoa	21,975	75,000
Arizona	145,579	181,394
California	968,411	1,535,800
Guam	18,411	82,727
Hawaii	75,112	75,113
Idaho	17,500	102,569
Nevada	70,469	96,704
Oregon	339,692	128,749
Trust Territory	69,063	83,696
Washington	69,186	196,674
Total	10,517,654	19,186,733

STATE ADMINISTRATIVE EXPENSE FUNDS, SUMMER FOOD SERVICE PROGRAM

State	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979 [1]
New England:			
Connecticut	$20,406	$17,992	$49,200
Maine	7,685	22,210	33,700
Massachusetts	51,938	71,707	84,000
New Hampshire	4,768	14,933	14,500
Rhode Island	10,000	24,567	34,300
Vermont	9,998	10,824	9,700
Mid-Atlantic:			
Delaware	10,000	21,355	23,301
District of Columbia	7,469	25,050	26,401
Maryland	33,991	46,225	62,926
New Jersey	158,000	162,083	238,206
New York	1,302,000		
Pennsylvania	166,256	192,946	300,000
Puerto Rico	61,320	59,985	102,477
Virginia RO			
Virgin Islands	10,000	3,750	17,056
West Virginia	10,000		33,786
Southeast:			
Alabama	44,100	29,705	90,104
Florida	72,032	114,968	94,500
Georgia			
Kentucky	12,841	32,944	45,198
Mississippi	37,259	60,220	73,131
North Carolina	59,260	52,714	58,495
South Carolina RO			
Tennessee RO			
Midwest:			
Illinois	57,017	92,514	119,397
Indiana	36,003	40,880	45,115
Michigan	43,198	119,000	118,009
Minnesota RO			
Ohio RO–(1977–78) SA–(1979)			73,218
Wisconsin	10,000	23,532	29,738
Southwest:			
Arkansas RO			
Louisiana	55,899	72,051	80,215
New Mexico	4,228	11,808	11,681
Oklahoma	14,599	36,157	45,153
Texas RO		151,071	129,900
Mountain Plains:			
Colorado	19,350	24,054	35,739
Iowa RO			
Kansas	10,000	15,061	
Missouri RO			
Montana RO			
Nebraska RO			
North Dakota RO			
South Dakota	10,000	15,641	22,974
Utah	498	12,713	14,539
Wyoming		1,807	
Western RO–(1979):			
Alaska SA–(1977–78)	477	6,300	
American Samoa			
Arizona	9,999	31,892	75,158
California	362,950	292,646	
Guam			
Hawaii			

STATE ADMINISTRATIVE EXPENSE FUNDS, SUMMER FOOD SERVICE PROGRAM—Continued

State	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979 [1]
Idaho RO-(1977) SA-(1978-79)		6,339	8,481
Nevada	2,043	16,086	11,301
Oregon			
Trust Territory	836	4,743	
Washington			
Total	2,766,420	1,938,473	2,211,599

[1] Based on estimates of program size

STATE ADMINISTRATIVE EXPENSE FUNDS, CHILD CARE FOOD PROGRAM, 2-PERCENT AUDIT FUNDS

State	Fiscal year 1977	Public Law 95-166	
		Fiscal year 1978	Fiscal year 1979
New England:			
Connecticut		$10,284	$17,202
Maine		5,674	9,882
Massachusetts		34,233	49,811
New Hampshire		5,268	7,043
Rhode Island		4,460	11,230
Vermont		3,090	4,755
Mid-Atlantic:			
Delaware		7,054	9,783
District of Columbia		7,834	10,272
Maryland		19,128	21,228
New Jersey		46,151	89,729
New York RO			
Pennsylvania	([1])	58,720	97,460
Puerto Rico			
Virginia RO			
Virgin Islands		1,636	2,062
West Virginia		8,826	10,390
Southeast:			
Alabama		50,399	89,940
Florida		84,187	111,203
Georgia RO			
Kentucky		29,806	40,523
Mississippi	([1])	97,158	119,261
North Carolina		56,049	82,392
South Carolina RO			
Tennessee RO			
Midwest:			
Illinois		54,124	75,817
Indiana		30,917	38,525
Michigan	([1])	28,910	64,708
Minnesota		15,747	20,407
Ohio RO (FY1978) SA (FY1979)			55,256
Wisconsin		21,339	25,378
Southwest:			
Arkansas RO			
Louisiana		36,669	53,541
New Mexico		12,567	17,480
Oklahoma	([1])	29,134	40,176
Texas		72,692	113,708
Mountain Plains:			
Colorado		15,793	29,637
Iowa		13,799	18,529
Kansas		11,017	17,023

STATE ADMINISTRATIVE EXPENSE FUNDS, CHILD CARE FOOD PROGRAM, 2-PERCENT AUDIT FUNDS—Continued

State	Fiscal year 1977	Public Law 95-166	
		Fiscal year 1978	Fiscal year 1979
Missouri	([1])		
Montana		5,765	7,387
Nebraska RO			
North Dakota RO			
South Dakota		5,140	6,958
Utah		2,975	4,545
Wyoming		2,414	3,138
Western:			
Alaska		4,057	4,516
American Samoa			
Arizona		16,897	21,284
California	([1])	76,137	154,124
Guam			
Hawaii RO			
Idaho		3,068	2,744
Nevada		3,877	4,474
Oregon			
Trust Territory		2,293	2,226
Washington RO			
Total		995,267	1,566,747

[1] Not applicable

Chairman **Perkins**. All right. Thank you very much. Go ahead.

Mr. **Greenstein**. Our budget request for fiscal year 1979 was for $25 million and included $21 million for SAE based on 1 percent of State program expenditures during the second preceding fiscal year. This $21 million represented an increase of approximately $2 million over the fiscal year 1978 level.

I would like to quote briefly, the report specifically directs as follows:

> The committee expects that $4 million of the funds appropriated for State administrative expenses for child nutrition programs will be allocated and used for activities including audits to identify and take whatever corrective action is needed in the school feeding program such as noncompliance with school standards and eligibility criteria and submission of reimbursement claims.

In no sense is the administration acting contrary to congressional intent. All they are doing is acting as the Senate Appropriations Committee has directed us and it is consistent with the law passed by this committee as well.

In addition, the fiscal year 1979 request included $4 million to be allocated by the Secretary to the States for management improvement. These funds would be made available by the Secretary to States for the identification and correction of problems associated with accountability in the child nutrition program.

The total of $25 million requested was approved by the Congress in the appropriation act on October 11, 1978.

At the end of fiscal year 1978 unobligated SAE funds at the State level amounted to $3 million. Public Law 95-166 also allowed States to carry over unused fiscal year 1978 SAE funds for use in fiscal year 1979. The total amount of SAE funds available in 1979 from appropriated funds and carryover stood at $28 million prior to the enactment of Public Law 95-627. In most recent years, some of the SAE funds allocated to some States have remained unused.

Public Law 95-627 was enacted on November 10, 1978, 1 month after the appropriation act. This act changed the authorized level of funds for use under section 7 and the allocation formulas for providing these funds to the States. Again this contrasts as you have noted with roughly $14 million in 1977, so it is about double what it was in 1977.

The act provided for an authorization level of 1½ percent, with a number of allocation formulas for distributing the funds among the States. First and foremost the act provided that not less than 1 percent, based on school program expenditures, was to be provided to the States. Second, an allocation formula to provide funds for the administration of the child care program was established. Third, the Secretary was provided discretion in the allocation of the remaining funds.

That is not one-half percent discretionary funds that the Secretary has. The funds we are talking about using are the $4 million. As directed by the Senate Appropriations Committee, this will amount to one-eighth of the total SAE fund and about one-fifth of 1 percent; not one-half of 1 percent as was stated earlier.

These changes fixed the level of assistance at not less than 1½ percent of program expenditures during the second preceding fiscal year for fiscal years 1979 and 1980. This required the appropriation of additional funds for fiscal year 1979.

We promptly thereafter sent to the appropriations committee of both the House and the Senate, a formal request signed by Secretary Bergland to reprogram funds into the SAE act to provide the additional $7 million immediately. That request was rejected by both appropriations committees of the House and Senate. They ruled since SAE funds are mentioned and provided for in the language of the statute, that reprograming is illegal for SAE funds and only a supplemental appropriation could legally provide the $7 million.

We are now, as I believe Mrs. White stated, requesting an additional supplemental for the additional $7 million.

We are putting out every penny that has been appropriated. Mr. Chairman. We are putting it out above the 1-percent level. We are putting out the full child-care formula; we are putting out the child care audit money, the feeding money. The total of all these put together is in excess of 1 percent.

Frankly, I do not believe we currently even have all the money we need to put out the fourth-quarter allocation due on July 1, although we hope to get that from a supplemental appropriation.

What about the question of this money? It is said we have held back for discretionary funds. Mr. Chairman, we have not held back a penny for discretionary funds. We have not held back. The discretionary money will only come when supplemental money comes through. We have made the decision to give States all the money we can which we have under the formulas, and it is fully consistent with the law. We might be criticized by the Senate Appropriations Committee in that we have not put out the $4 million in discretionary funds and are holding out for the supplemental.

I would like to turn now to the regulatory action. States need to know what funds they are getting.

The Department is presently developing a number of regulatory proposals affecting State administrative expense funds. These proposals are designed to strengthen program administration by targeting SAE funds to particular program needs.

To provide States with advance information on the way we plan to use the remaining SAE funds, we expect to propose these regulations shortly. By the time Congress appropriates the supplemental funds, we will have final regulations on which the supplemental funds will be allocated. Funds by formula would be a system in which everyone knows in advance and can plan exactly the amounts they are getting. These regulations would first be structured for distributing SAE funds to States on the basis of the statutory formulas provided in Public Law 627.

Certain provisions of the new law are nondiscretionary in nature. One of these included a change in the allocation formula. For school programs, State agencies are guaranteed 1 percent of the funds expended for the programs in the second preceding fiscal year as a base payment. Each State is further guaranteed a minimum amount. For the child care food program, State agencies earn funds based on a formula specified in the law.

The law allows the Secretary to use some funds at his own discretion. Because of serious management problems the Secretary would use this discretionary authority to target these funds on specific program areas which need increased monitoring and improved management systems.

First, we plan to allocate some SAE funds specifically for food distribution. Through the food distribution program, States receive from USDA and distribute to schools about $750 million worth of donated food each year. This represents 20 percent of all food used by schools and other outlets in the child nutrition programs. We strongly believe in the commodity program and want it to run as well as it possibly can.

State administration of the food distribution program is carried out by the State education department in 60 percent of the States. The other 40 percent of the States direct the distribution of donated food through other departments such as agriculture, welfare, general services or finance. Staffs of the State distributing agencies are generally small compared to the job to be performed.

The school lunch commodity distribution program has come under considerable scrutiny in recent months, through a comprehensive audit of State commodity processing contracts. The agency requested the OIG to undertake this audit because of the serious potential for misuse and diversion in the system of processing contracts. Processing contracts between State agencies and private commercial firms are used to convert donated foods into different end products or to repackage donated foods into smaller units such as flour into baked products or bulk ground beef into beef patties.

About 27 State distributing agencies have these processing contracts. Nearly 400 food companies are involved in processing donated foods.

Mr. Chairman, I have here today and I would like to submit for the record, the recently released audit report.

Chairman PERKINS. Without objection, it will be put into the record.

[The information follows:]

FOOD AND NUTRITION SERVICE
FOOD DISTRIBUTION PROGRAM
CONTRACTS FOR PROCESSING DONATED FOODS
WASHINGTON, D. C.
AS OF FEBRUARY 26, 1979
AUDIT REPORT NO. 2799-52-Ch

I - INTRODUCTION

A. AUDIT SCOPE

This report presents the results of our audit of the Food and Nutrition Service (FNS) and State Distribution Agencies' management of donated food processing activities. We undertook this audit at the request of the Food Distribution Division of FNS to assess program activities. We gave primary emphasis to Fiscal Year (FY) 1978 activities to determine if:

- contractual provisions comply with program regulations and meet the objectives of the Food Distribution program and the various nutrition programs using donated foods,
- inventories of donated food placed with food processors are properly accounted for and managed in an economical and efficient manner,
- food processors are passing maximum benefits to recipient agencies,
- program weaknesses exist which could allow fraudulent or wasteful practices to occur or otherwise result in program abuse.

Our audit included a review at the FNS Headquarters, 5 of the 7 FNS Regional Offices, 10 State Distributing Agencies and audits at 18 food processing companies which have contracts to process donated food commodities. During FY 1978, 15 of these food processors furnished processed products to schools and institutions which contained donated foods that the processors valued at about $6 million. The other three processors did not maintain required records; therefore, we could not determine the amounts of foods processed during the year. At the end of FY 1978, 16 of the food processors had inventory liabilities for donated foods of about $4 million. The other two processors did not have adequate records to show their inventory liabilities. Exhibit A shows the FNS Regional Offices and State Distributing Agencies included in our review.

B. BACKGROUND INFORMATION

FNS, through the Food Distribution Program, has responsibility for distributing foods it acquires under legislative authorities controlling price support, surplus removal and market price activities. During FY 1978, FNS distributed about $660 million of such foods. FNS donates these foods to State Distributing Agencies for distribution to various federally-assisted food service programs. The principal recipients of the donated foods are schools participating in Child Nutrition Programs, such as the National School Lunch Program. State Distributing Agencies are responsible for distributing donated foods to recipient agencies in accordance with program requirements.

Federal regulations provide that Distributing Agencies and Recipient Agencies (hereafter also referred to as Contracting Agencies) may enter into contracts with private commercial firms to convert the donated foods into different end products (flour to cookies; vegetable oil to mayonnaise); or to repackage donated foods into smaller unit sizes (bulk ground beef into beef patties). About 27 State Distributing Agencies have processing contracts and about 400 food companies are involved in processing donated foods.

II - HIGHLIGHTS

Food processing activities carried out under the Food Distribution Program, a $660 million program, were not being administered in a manner that assured the processors were properly using donated foods and that recipient agencies were receiving maximum benefits from those donated foods. FNS headquarters has furnished little guidance to Regional Offices regarding processing contracts and Regional Offices have done little to monitor processing activities in their respective States. This lack of guidance and supervision has contributed to a nearly complete breakdown in the accountability over the receipt, use and disposition of donated foods, valued at about $6 million, placed with the 18 processors included in our review.

FNS Headquarters must immediately strengthen regulations and provide Regional Offices and distributing agencies additional guidance and supervision for entering into contracts for processing donated foods. This is illustrated by the conditions noted in our review at 10 State Distributing Agencies and 18 processors under contract to process donated foods.

- Twelve processors believed they were accountable not for the physical inventory of donated foods but only for the book value of the donated foods furnished by contracting agencies. Accordingly, they sold donated foods to commercial outlets, exchanged donated foods with their own commercial inventories, and could not physically account for about $3.4 million of donated foods that should have been in their inventory.

- Two processors substituted about $250,000 of donated ground beef for their own commercially purchased beef which either had a higher fat content or was imported. FNS and the distributing agencies were unable to detect the substitution because the processors labeled the products in such a manner that the ingredients were not fully disclosed on either the product labels or the label specification sheets. Also, the labeling prevented a thorough Federal inspection of the products.

- The requirement that processors submit monthly reports to contracting agencies was totally ineffective because neither the distributing agencies nor the processors complied with the requirements. Therefore, processors were unable to account for the receipt, use and diposition of about $4 million of donated foods.

- Thirteen processors using independent commercial distributors did not have a means of ensuring that about $5.7 million of donated foods received during FY 1978 would actually reach eligible recipient agencies. These independent commercial distributors did not account fully for the donated foods, guarantee that the processed products and related values were returned to recipient agencies, always provide the most economical delivery (some State Distributing Agencies, had cheaper methods) or insure equitable distribution of donated foods among recipient agencies.

- Distributing agencies furnished donated foods to processors without regard to inventory needs or to the processors' current inventory status. This allowed four processors to accumulate inventories that exceeded one year's need by about $358,000; while three other processors operated with negative inventories valued at about $197,000.

- The processing contracts either did not contain all the minimum program requirements or else contained provisions contrary to regulations. Distributing agencies entered into processing contracts without having an adequate staff to execute contracts effectively and relied heavily on processors to set contractual requirements. Thus contracts allowed improper substitution and exchange of donated foods, did not always state a final cost to the recipient agencies, did not reflect the actual value of donated foods in end products, did not specify the nutritional contents of end products, and did not allow for full rights of audit and inspection by distributing agencies and the Department.

- Processors using cash rebate and price discount systems to return the value of donated foods contained in end products were not equipped to implement true rebate or discount systems. Processors could not control product pricing to recipient agencies because independent commercial distributors, who were not a party to the processing contracts and were not accountable to the processor and contracting agencies set the price of end products. As a result, there was no assurance that recipient agencies received price reductions or credits for the value of the donated foods contained in the end products received. For example, one processor had not returned rebates totaling over $43,000 to recipient agencies. Still another processor delayed returning rebates to recipient agencies for up to 10 months after delivering the end products.

The above conditions indicate some processors may have used the donated foods in ways prohibited by Regulations. Because title to the donated foods passes to the related distributing agencies at the time FNS delivers the donated foods to them or their processors, the Department normally only takes claim action against the agencies and does not pursue legal action against processors who misused donated foods. Currently, Food Distribution Regulations do not contain penalty provisions for the theft or misuse of these donated foods. However, Public Law 95-627, dated November 10, 1978, contains such provision, but the FNS had not yet added it to the Food Distribution Regulations.

III - RECOMMENDATIONS AND DISCUSSION WITH MANAGEMENT

A. RECOMMENDATIONS TO THE ADMINISTRATOR, FOOD AND NUTRITION SERVICE

1. Provide additional guidance and supervision to Regional Offices regarding processing contracts by strengthening and revising regulations to give Regional Offices responsibility for assisting in managing inventories and monitoring processors to see that donated foods are properly used, accounted for and returned to recipient agencies in an end product equal to the quantity, quality, and value of the donated food processed. Assign Regional Offices responsibility for monitoring processing activities, which in addition to monitoring distributing agencies administration of processing contracts, will include responsibility for monitoring multi-state processors. Design a system which would allow FNS to determine the total quantities of donated foods placed with processors. (See Audit Results - 1)

2. Notify all distributing agencies and processors that donated foods must be physically accounted for and that donated foods may not be sold, exchanged or otherwise disposed of without the approval of the Department. Explain the intent of regulations regarding substitution of donated foods and under what circumstances donated foods may be substituted. Recover the value of donated foods which have been improperly sold, exchanged, or misused. (See Audit Results - 2)

3. Revise regulations and existing contracts for processing donated ground beef to specify that it must be used in the production of the end products, and that it must not be substituted for other beef. Work with FSQS to design suitable labels for end products to ensure that the processors actually use the donated ground beef. Revise regulations to provide if donated ground beef is to be blended with other meats during processing, quantities and ingredients should be stated clearly in the contract and the inventory should be reduced only by the quantity of donated ground beef used in

the blended product. Further, consider requiring mandatory continuous FSQS inspection or acceptance services during the processing. (See Audit Results - 3)

4. Instruct distributing agencies to require all processors to submit monthly performance reports as required by instructions and to review and analyze the reports for accuracy. Revise regulations for performance reports to require physical inventories and a finished goods inventory. Instruct distributing agencies to revise or terminate any contracts which do not require processors to report performance and to terminate contracts with any processors who do not comply with the reporting requirements. (See Audit Results - 4)

5. Evaluate each distributing agency's system for distributing processed donated foods. Instruct these agencies to use their distribution systems to the fullest extent possible. Permit commercial distribution only in cases where it would be more efficient and economical and where equitable distribution would be maintained. Require processing contracts when commercial distributors are used to include; a final delivered cost to the recipient agencies, the distributor as an accountable party to the contract and requirements for distributor reports of activity. (See Audit Results - 5)

6. Amend regulations to incorporate the penalty provisions contained in Public Law 95-627 for the willful misuse or theft of property donated by the Department. Review all contracts to identify those which do comply with the minimum requirements of current regulations. Terminate and renegotiate all contracts which do not meet minimum requirements. Revise current regulations to define more clearly all minimum contractual requirements, giving special emphasis to substitution of donated foods, nutritional aspects of end products, cost of end products to recipient agencies, processor record maintenance and the availability of records for audit and inspection by distributing agencies and the Department. Also, consider revising regulations concerning end product labeling, performance bonding and contract addendum. Provide training to all distributing agencies about the minimum contractual

requirements outlined in the revised regulations. (See Audit Results - 6)

7. Provide distributing agencies with guidance for managing inventories placed with processors by instructing agencies to limit the inventories to reasonable amounts. Inform distributing agencies and processors that negative inventories are only permissable in those cases where substitution is due to depleted donated food inventories that would otherwise hold up the production required under a processing contract. Require distributing agencies to review the inventories currently placed with processors to identify excessive or negative inventories. Terminate shipments to processors with excessive inventories until the inventories are reduced to reasonable levels. Correct negative inventories and prevent the processors from entering a negative inventory position without authorization. (See Audit Results - 7)

8. Revise regulations to address the use of rebate, discount and processing fees and to help implement these systems to assure that recipient agencies promptly receive the full value of the donated foods used in the end products. (See Audit Results - 8)

B. DISCUSSION WITH MANAGEMENT

On February 26, 1979, we discussed the results of this audit with the following FNS officials:

Gene P. Dickey - Deputy Administrator for Special Nutrition Programs

William G. Boling - Deputy Administrator, Regional Operations

Orval Kerchner - Assistant Deputy Administrator for Special Nutrition Programs

Neill W. Freeman - Assistant to the Deputy Administrator for Special Nutrition Programs

Alberta Frost	-	Director, Regional Program Operations Staff
Darrel E. Gray	-	Director, Food Distribution Division
Lynn Howe	-	Assistant to the Director, Food Distribution Division

They agreed with the audit results and recommendations presented. They advised us that they had already taken steps to correct some of the problem areas disclosed by the audit. On March 14, 1979, the Food Distribution Division furnished us with a memorandum addressing the significant audit issues and the corrective measures they have initiated or plan to take. The memorandum is attached as Exhibit B to this report.

The Office of the Inspector General - Auditing was represented by:

D. F. Reynolds	-	Acting Director, Marketing and Consumer Program Division
John J. Jackson	-	Assistant Regional Inspector General - Auditing
Edwin D. Linderman	-	Supervisory Auditor
Raymond G. Poland	-	Auditor-in-Charge

IV - AUDIT RESULTS

PROGRAM SUPERVISION

1. The food processing activities carried out under the Food Distribution Program, a $660 million program, were not being effectively administered by FNS and the State Distributing Agencies. The need for FNS Headquarters to strengthen regulations and provide Regional Offices and distributing agencies additional guidance for entering into contracts for processing donated foods is illustrated by:

   - Twelve of the 18 processors reviewed either sold donated foods to commercial outlets or exchanged the donated foods with their own commercial inventories and could not physically account for approximately $3.4 million dollars of donated foods.

   - Two processors substituted about $250,000 of donated ground beef for their commercially purchased beef which either had a higher fat content or was imported.

   - About $4 million of donated foods were unaccounted for because of distributing agencies' and processors' non-compliance with performance reporting requirements.

   - Thirteen of the processors using independent commercial distributors could not assure that the $5.7 million of donated foods received during FY 1978 would actually get to eligible recipient agencies.

   - The ineffective management of inventories of donated foods placed with processors allowed inventories for four processors to exceed one year's need by about $358,000 while three other processors operated with negative inventories valued at about $197,000.

   - Distributing agencies relied heavily on the processors to set contractual requirements and, as a result, the contracts did not contain all of the minimum requirements or else contained provisions contrary to regulations.

(NOTE: The dollar values shown above will total more than the $10 million shown in the Audit Scope section of this report because the dollar values for a particular commodity and processor may be associated with one or more of the above listed conditions.)

We found that Headquarters had furnished very little guidance to Regional Offices regarding processing contracts, and Regional Offices had done little to monitor processing activities in their respective States. The need for greater involvement by FNS at both Headquarters and Regional levels became apparent because State Distributing Agencies have no effective way of monitoring those processors located in one State but processing donated foods for two or more other States. And FNS could not readily determine how much of the $660 million of foods donated in Fiscal Year 1978 had been shipped to processors.

Federal Regulations, Part 250.10 (e) require FNS Regional Offices to retain copies of processing contracts and provide that they may review them for the purpose of advising and counseling distributing agencies. However, regulations do not give Regional Offices any direct responsibility for issuing instructions or providing guidance to distributing agencies. Regulations (Part 250.6 (o)) obligate distributing agencies to provide adequate personnel to assure that their food distribution program is carried out properly. However, distributing agencies were not adequately staffed to monitor processing activities effectively.

We visited five of the seven FNS Regional Offices to determine how much guidance they provided to distributing agencies and if they monitored processing contract activities. We found that each Regional Office's role varied from very little involvement to a more active but limited role. None of the Regional Offices actively assisted distributing agencies in the solicitation and approval of processing contracts. Some Regional Offices did not have up-to-date files of all existing contracts or had not reviewed the contracts to see if their terms met the requirements of regulations. Regional Offices did not effectively use their Nutritional and Technical Services Staffs in evaluating end product yields and nutritional aspects of end products. With one exception, the Regional Offices' administrative assessments of State Distributing Agencies did not address processing contracts.

Our reviews at the 10 State Distributing Agencies showed that they were not administering the processing contracts effectively. The distributing agencies were entering into processing contracts without having an adequate staff to execute contracts or to monitor processors' performance. They relied heavily on the processors to establish contractual provisions, prices and yields, monitor product quality and distribute processed foods. They could not guarantee that processors properly accounted for, used and distributed donated foods. Further, distributing agencies did not use the technical assistance of the State agencies administering the Child Nutrition Programs to evaluate the nutritional aspects of the processed products or to analyze the products made by processors. This lack of control allowed processing firms to misuse donated foods, to furnish recipient agencies less desired end products and to return less than the full value of the donated foods to recipient agencies.

In addition, we found that distributing agencies could not monitor the performance of processors whose facilities were located outside their State. Even in those cases where a multi-state processor was located in the the distributing agency's State, the distributing agency could not determine if the donated foods were properly used and accounted for without also knowing the processor's dealings with other States. We believe FNS would have better access to all the pertinent records of a multi-state processor and would be more able to assess performance than an individual distributing agency.

Currently, FNS does not review processor activities as a part of its assessments of the Food Distribution Program at the various distributing agencies. We believe FNS Regional Offices need to become more involved in the monitoring of the activities of processors, particularly those processors having contracts with more than one State.

Although our audit scope did not include USDA's acquisition and transportation of donated foods, we did note that FNS had no method to establish the quantities of donated foods that had been shipped to individual processors.

This was particularly true in cases of multi-state processors where the processor's source of donated foods may be a combination of direct shipments from USDA and shipments from distributing agencies' or recipient agencies' inventories. We noted that FNS record keeping systems at headquarters, regional offices, and the Kansas City Commodity Office (KCCO) were designed to account for quantities and value of foods donated on a per State basis. These systems were designed primarily to account for each State's entitlement of donated food; they do not account for all the quantities of donated foods shipped to processors. We found that it would be possible to determine the direct shipments from supplying vendors to processors either manually, or through reprogramming the KCCO data systems. But no central record exists that could provide shipments from distributing agencies and recipient agencies to processors.

During our audit, we accessed the KCCO data system and tracked by destination point direct shipments to processors from supplying vendors. However, we could not determine the quantities of donated foods furnished from distributing and recipient agencies' inventories because the performance reports submitted by processors were generally unreliable. As a result, we could not always determine the quantities of donated food that a processor should account for.

We believe the Regional Offices' lack of involvement has contributed to the conditions noted in the Audit Results about contractual provisions, accountability for donated foods, performance reporting by processors, substitution of donated foods, management of inventories, and pricing.

FNS should revise the regulations regarding processing contracts and should provide additional guidance and supervision to the Regional Offices by assigning responsibility for monitoring processing activities: monitoring distributing agencies' administration of processing contracts and monitoring multi-state processors. A system should be designed which would allow FNS to determine the total quantities of donated foods placed with processors. This system would enable them to manage inventories and monitor processors to ensure that donated foods are properly used, accounted for and returned to recipient agencies in an end product equal to the original quantity, quality, and value.

SUBSTITUTION

2. Our reviews of 18 processors found that 12 processors interchanged donated foods with their own commercial inventories and did not physically maintain the donated foods for processing. These processors could not physically account for approximately $3.4 million of donated foods that they should have had in inventory. The processors and some distributing agencies maintained that the substitution or interchange of some donated foods is permissible under Part 250.6 (m) (3) of the regulations. The processors considered they were not accountable for the physical inventory of donated foods but only for the value of the donated foods furnished to them. As a result, they used the donated foods for their commercial operations, sold the donated foods, or exchanged the donated foods in commercial markets. This is contrary to Food Distribution Program regulations and also defeats the purposes of the various price support programs under which the foods were donated. Misunderstanding of the provisions for substituting donated foods seemed to be the primary cause of the problems we found regarding processing contracts.

Part 250.6 (m) (3) permits substitution of donated foods in certain circumstances. It states "the processing contract may provide that the processor may substitute for the commodities a like quantity of the same foods of equal or better quality whenever depleted inventories of commodities would otherwise hold up production. The contract shall specify the commodities which may be substituted. Only butter, flour, rice, rolled oats, rolled wheat, nonfat dry milk, shortening, cornmeal, dried peas, lentils, dried beans, cheese, orange juice, peanut butter, raisins, and other such foods as FNS specifically approves may be substituted."

The processors and some distributing agencies further defined the donated food listed in Part 250.6 (m) (3) as "fungible" and other donated foods as "non-fungible." Fungible donated foods were those which could be commingled with a processor's normal inventory. They maintained that the same physical commodity received for processing into an end product need not be returned to the schools, but that the dollar value of the donated commodity must be returned as a part of the product sold to the schools. They also maintained that non-fungible foods (such as donated ground beef) may not be commingled with a processor's normal inventory, and that non-fungible commodities must be returned to the school on a pound-for-pound basis. There were other processors who believed that all donated foods could be interchanged or substituted indiscriminately.

We believe Part 250.6 (m) (3) permits substitution of donated commodities only when depleted donated inventories would hold up production that is required under the processing contract and does not permit diverting donated commodities to the processor's own use. Also, Part 250.4 (a) limits the uses of donated foods stating that ". . . Commodities not so distributed or used (for any reason) shall not be sold, exchanged or otherwise disposed of without approval of the Department."

Examples of the various interpretations of the provisions for substituting donated foods, together with examples of the conditions we noted, follow:

a. The processors believed that they were accountable only for the value of the donated foods and, therefore, could divert the donated foods to their own use (including selling or exchanging the donated foods). One processor sold about 752,000 pounds of donated cheese on the commercial market which distributing agencies had furnished the processor to process pizzas. The processor sold this donated cheese for over $898,000 or $1.195 per pound, which represented about $23,380 more than the allowance the processor would give the recipient agencies in the form of discount for the value of the donated cheese. This processor began producing pizza products using commercially purchased cheese and selling the products at a discount for the value of the cheese even though he had not received donated commodity cheese from any distributing agencies. Further, at the time the processor received the donated cheese and sold it on the commercial market, his records showed that distributing agencies had received pizza products which would contain about 103,000 pounds of cheese. The processor stated that the other 697,000 pounds of cheese represented pizza products produced with the processor's commercially purchased cheese and sold to distributors at a discount for the value of donated cheese which had not yet been delivered to recipient agencies.

Still another processor had diverted 11,800 pounds of donated turkey rolls and 75,000 pounds of donated cheese to his own use for commercial sales. The total value of these foods was about $93,000. The processor intends to replace these foods through commercial purchases to fulfill the needs of the contracting agencies. However, the contract agencies have no assurance that the processor will replace the donated foods with foods of an equal quality.

Another processor sold or exchanged donated foods valued at more than $350,000. For example, he exchanged some of the donated nonfat dry milk for mozzarella cheese rather than using it to produce the cheese as provided for in the contract. This processor also sold donated nonfat dry milk to finance his business operations. In addition, he exchanged 57,000 pounds of donated butter with the company supplying the cheese to reduce the cost of the cheese. The butter was not used to manufacture cheese but entered commercial channels. The processor also exchanged donated flour with another company for pizza crusts which he used to fulfill his obligations to contracting agencies. This processor does not appear to be able to fulfill his financial obligations to the contracting agencies.

b. Our reviews of four other processors under contract to process flour into cookie and cracker products and of two who processed durum flour into pasta products disclosed that they commingled the donated flour with their own inventories. These processors maintained book inventories of the amounts of flour owed to the various contracting agencies, but actually processed the flour into end products that were sold commercially. As of September 30, 1978, the book inventories of donated flour at these six processors represented about 12.8 million pounds of flour valued at approximately $1.2 million.

These processors commingled donated flour along with their own flour to produce end products made available for commercial use as well as for sale to recipient agencies. The book inventories of donated flour owed to contracting agencies were reduced only by the amount of flour in the commercial products distributed to recipient agencies. These flour processors could not physically account for all of the donated flour furnished to them. For example, one processor had a book inventory of about 1.5 million pounds of donated flour while the storage capacity at the processor's plant facility was only about 1 million pounds. Other flour processors had book inventories of donated flour that, based on the amounts of donated flour used in the end products distributed to recipient agencies, represented five or six years' supply.

Also, our reviews found that three processors who converted soybean oil into mayonnaise and salad dressings, converted the oil into end products upon receipt of the commodity, without regard to the amount of oil needed to fill orders from contracting agencies. These processors sold some end products produced with donated oil commercially and substituted, or planned to substitute, commercially purchased oil to fulfill the needs of the contracting agencies. The majority of the 1.9 million pound book inventory of donated oil, valued at about $670,000, owed to contracting agencies did not physically exist as oil or end product. One of these processors had a book inventory of about 1.3 million pounds which was more than twice the processor's storage capacity. Another processor with a book inventory of 500,000 pounds did not have storage facilities but processed directly from railroad tank cars. Similar conditions existed on a smaller scale in other cases.

The methods used by these processors in the receipt, handling and disposal of donated foods is not within the intent of regulations and may adversely affect the contracting agencies and other Federal programs. The objective of price support programs to remove surplus foods from the market is hampered because the surplus foods are being returned to commercial channels by the processors. In addition, the contracting agencies have no assurance that the processor will replace food commodities with foods of a like quality or he will be financially able to fulfill contract requirements.

FNS should notify all distributing agencies and processors that donated foods must physically exist as raw material or finished product and may not be sold, exchanged or otherwise disposed of without the approval of the Department. FNS should also explain the intent of regulations regarding substitution of donated foods and under what circumstance donated foods may be substituted. FNS should recover the value of those donated foods which have been improperly sold, exchanged or misused.

GROUND BEEF

3. Our review of three processors who processed about $722,000 of donated ground beef into frozen meat products disclosed that two of the processors had substituted their commercially purchased beef for the donated ground beef. Some of the commercially purchased beef had a higher fat content than that donated and, in one case, the processor used imported beef as a substitute. The substituted beef had a lower market value than the donated ground beef. The third processor refused to give us access to production records; therefore, we could not determine if the donated ground beef had been used properly.

FNS and the distributing agencies had not detected this substitution. The processors labeled the products in such a manner that the ingredients were not fully disclosed on either the product label or the label specification sheet and precluded complete Federal inspections. Further, the processing contracts did not specify that an end product made from donated ground beef would be returned to the contracting agencies but rather they implied that the end product would be one of the processor's existing products with donated ground beef used in its formulation.

Because the processors substituted beef of a lesser value for the donated ground beef, they could have made substantial profits. Also, the products returned to the contracting agencies contained a greater amount of fat than FNS intended when they purchased ground beef for donation. In addition, the use of imported beef as a substitute may defeat the purpose of the surplus removal program under which the ground beef was purchased.

Federal Regulation 7 CFR, Part 250.6 (m) (5) states "When donated meat or poultry products are processed, all of the processing shall be performed in a plant or plants under continuous Federal meat or poultry inspection, or continuous State meat or poultry inspection in States certified to have programs at least equal to the Federal inspection program." Part 250.6 (m) (3) permits substitution of some donated foods under certain circumstances approved by FNS. However, FNS has not approved the substitution of donated ground beef.

The requirement for Federal inspection during donated meat processing does guarantee that the products are wholesome but does not guarantee that processors use the donated meats as intended.

FNS could have greater assurance that the end products contained donated ground beef if the contracts required this, and if processors were required to use labels specifying the ingredients and allowing complete Federal inspection during the production process.

Our discussion with Food Safety and Quality Service (FSQS) Meat Inspection personnel disclosed that meat products are produced under labels referred to as specific labels or non-specific labels. A specific label lists all product ingredients by percent: for example, 78 percent ground beef (not more than 30 percent fat), 9 percent water, 6 percent textured vegetable protein, etc. Federal inspectors monitor production to assure that, in addition to being wholesome, the product is formulated according to the percentages of ingredients shown on specific labels and, in this example, that the ground beef contained not more than 30 percent fat.

A non-specific label lists the ingredients in order of their predominance: for example, beef, beef hearts, water, textured vegetable protein, etc. Federal inspectors monitor production to insure wholesomeness and that the quantities of ingredients are mixed in order of their predominance as shown on the label. They do not monitor the actual make-up of the beef ingredients. The majority of the beef end products being furnished to the contracting agencies had labels of a non-specific nature.

Also, FNS developed an approved school lunch label which, in addition to the specific label listing all product ingredients by percent, contained a statement that the product "Provided 2.0 oz. of Lean Meat for Type A Pattern Requirements." Federal inspectors monitored all phases of production to see that the specific label and approved school lunch label requirements were met. These labels do guarantee that the fat content of the ground beef used conforms to the desired percentage; however, they do not specify that donated ground beef is used in products returned to schools.

During Fiscal Year 1978, FNS purchased ground beef for donation that had an approximate fat content of 26 percent. Previous years' purchases of ground beef had an approximate fat content of 30 percent. FNS purchased the lower fat content product to provide better diets for school children. This goal is not being achieved because the majority of products being furnished to schools have non-specific labels.

During our reviews we found that:

a. One processor substituted commercially purchased beef for $120,000 of donated ground beef. According to the description on the processor's formula sheets, the substitute beef was either imported or had a fat content greater than 26 percent. The difference in value between the donated ground beef and the substituted beef indicated that the processor may have profited in excess of $44,000.

The processor told us that, generally, the products furnished to the contracting agencies contained commercial beef (84 percent lean) and donated ground beef (76 percent lean) mixed on a 80/20 ratio, and either beef navels (50 percent lean), beef hearts (77 percent lean), or beef (85 percent lean) depending on the end product.

According to FSQS personnel, the terms on the processor's formula sheets for the first item (84 percent lean) and the last item (85 percent lean) were those used to describe imported beef and were not domestic descriptions. During our visit to the processor's plant, we observed that the processor had imported beef on inventory.

Following is an example of a 300 pound batch for one end product:

Ingredient	Pounds
Donated Ground Beef	22
Commercial Beef (84 percent lean)	88
Commercial Beef Navels (50 percent lean)	120
Commercial Beef Hearts (77 percent lean)	70
Total Beef Blend	300

The fat content of this product would approximate 32 percent.

In this example, the processor would reduce the contracting agencies' donated ground beef inventory by 300 pounds even though only 22 pounds may have been used for the end products. The processor could then convert the other 278 pounds for use in commercial products.

The processor's records of shipments to schools for Fiscal Year 1978 showed that the processor utilized about 175,000 pounds of donated ground beef. However, from various product formulations, we calculated that the actual products delivered consisted of:

Ingredient	Pounds
Donated Ground Beef	14,953
Commercial Beef (84 percent lean)	59,810
Commercial Beef Navels (50 percent lean)	95,755
Commercial Beef Hearts (77 percent lean)	891
Commercial Beef (85 percent lean)	4,181
Total	175,590

Using market prices as of September 15, 1978, the difference in value between the donated ground beef and the blended ingredients exceeded $44,000. All but five of the blended products were produced under non-specific labels. Of the five products with specific labels, three products had FNS approved Type A labels. However, the processor had produced only small quantities of the products and had not used donated ground beef.

b. During Fiscal Year 1978, another processor utilized about 160,000 pounds of donated ground beef, valued at about $119,000, for unitized meals furnished to schools. The processor blended the donated ground beef with commercially purchased beef with a fat content exceeding 26 percent in a product designed exclusively for schools.

As an example, a 1,000 pound production batch for one end product may call for a blend of:

Beef, trimmings, 65 percent lean	500 pounds
Beef, trimmings, 80 percent lean	400 pounds
Beef 1/	100 pounds
Total Beef Blend	1,000 pounds

1/ The processor did not furnish us with the percent of lean for ingredient "Beef." However, by FSQS product definition, it could be as little as 12 percent lean.

The processor told us that the "Beef, Trimmings, 80 percent lean" were comparable to the donated ground beef and were interchanged in the formula. The processor said that whenever donated ground beef was used in school products, it was substituted for the 80 percent lean ingredient. The processor would deduct 1,000 pounds of donated ground beef from the inventory of the agency furnishing the beef, even though only 400 pounds may have been used. The other

600 pounds were similarly blended in products furnished to other schools. The agency furnishing the donated beef was given credit (price discount on purchases) for the value of the 1,000 pounds. The other agencies purchased end products at full cost. Under this system, the agency furnishing the donated beef may not receive any of it in return, but would receive credit for its value.

These products were produced under non-specific labels. The processing contracts did not specify that a product made from donated ground beef would be returned to the contracting agency.

c. The third processor we visited received at least $470,000 of donated ground beef for processing during Fiscal Year 1978. The processor refused us access to product labels, specification and make up sheets for the non-specific labeled products in which donated ground beef was to be used. As a result, we could not determine if the donated ground beef had been used properly.

This processor's record keeping did not account fully for the donated foods furnished by the contracting agencies. The performance reports did not state actual yields, usage or inventories; they were computed based on established contract yields. We did note that his contract yields were different for different contracting agencies. The processor would not furnish us any production records. He told us that he pooled the inventories of the various contracting agencies, and that the inventory of one agency may be used to produce end products for another agency. Under this system, one contracting agency may receive less than the quantity of donated foods it furnished to the processor, while another contracting agency may receive more.

Regulations and contracts should specify that donated ground beef must be used in the production of the end products and that it must not be substituted by other beef. FNS and FSQS should develop labels which will be suitable for end products produced from donated ground beef and ensure that the processors use the donated ground beef without substitution. Regulations and instructions should specify that if the donated ground beef is to be blended with other meats during processing, such blending (quantities, ingredients, etc.) must be clearly stated in the contract and the donated ground beef inventory should only be reduced by the quantity of donated beef actually used.

ACCOUNTABILITY

4. Our reviews of 18 processors disclosed that distributing agencies and processors could not fully account for about $4 million of donated foods. The primary reason for this stems directly from ineffective performance reporting requirements. The performance reporting system was totally ineffective because: (1) processors did not always submit reports of performance, (2) reports submitted by other processors were either incomplete or contained insufficient information, and (3) contracting agencies did not always review reports in enough depth to know whether reports were complete and correct, or whether processors met contract specifications.

These deficiencies can be attributed to the distribution methods of some processors who did not know when, or the quantity, processed products were delivered to recipient agencies by commercial distributors. Other processors did not have production records and did not know the quantities of commodities used during a reporting period. Also, since most processors did not maintain a physical inventory of donated foods, they reported a computed ending book inventory usually based on yields stated in the contract. As a result, the distributing agencies and/or contracting agencies could not determine if the processors were actually meeting contract specifications and if the donated foods were being returned to the recipient agencies. In general, the processors could not fully account for the donated foods received or the end products returned to the recipient agencies.

Regulations state that contracts should require processors to account fully for donated commodities through the production of an appropriate number of end products and to maintain records and submit performance reports. Regulations further provide that distributing agencies shall review and analyze these reports to ensure that contract requirements are met. FNS (FD) Instruction 705.4 IV E, states that processors shall fully account for donated foods and end products by keeping records of: (1) donated food commodities received, (2) quantities used for processing, (3) number of end products produced, (4) number of end products delivered to the contracting agency, and (5) quantities of donated food commodities in inventory. Part IV G of the instruction states that processors shall submit monthly reports of performance under the contract that include: (1) a list of agencies under agreement and the number of end products delivered to each agency during the reporting period, (2) the total number of end products delivered and the yield obtained during the reporting period, (3) the donated food inventory at start of reporting period, (4) the donated food commodities received during reporting period, (5) the donated food commodities used during reporting period, and (6) the donated food inventory at end of reporting period.

If processors submitted performance reports containing this information, the contracting agencies could monitor the processor's activity. However, the methods used by processors to report performance precluded such monitoring and the contracting agencies reviews were not in enough depth to disclose errors.

Our reviews of the 18 processors showed that the reports submitted were not based on actual performance. The processors computed usage and inventories based on yields stated in the contract rather than on actual amounts of donated foods used and on hand at the end of the reporting period. They calculated the amounts of donated foods used by multiplying the number of units delivered by the contract yield specifications (100 pounds of nonfat dry milk produces 95 pounds of mozzarella cheese). The processor then used the computed amount of donated food used to compute the ending inventory (nonfat dry milk inventory would be reduced by 100 pounds for each 95 pounds of mozzarella cheese delivered). If the processor did not attain the yield specified in the contract, the actual physical inventory would either be greater or less than the computed book inventory.

Here are some examples of the above conditions:

a. One processor's physical inventory of donated ground beef was about 5,000 pounds greater than the computed book inventory reported to the contracting agency. Also, the processor had 600 pounds of chicken more than was reported on hand. Another processor had a physical inventory of nonfat dry milk that exceeded the amount reported as on hand by about 130,000 pounds. These processors did not maintain production records so we could not fully determine how they accumulated the excessive amounts of donated foods. However, the performance reports could show that they had fulfilled their obligations to contracting agencies while still having donated foods on hand. The processors could then divert the donated foods to their own use without the contracting agencies' knowledge. Conversely, another processor's contract specifications called for a 100 percent yield for shredded cheese used to make pizza. The processor's physical inventory of the cheese was about 3,400 pounds less than the amount reported on the performance reports. The processor did not maintain any production records and we could not determine why the difference existed. The processor told us that the actual yield was less than 100 percent. If so, that could account for the difference.

b. Contracting agencies continued to furnish donated foods, even though the processors did not submit performance reports. For example, one processor used donated nonfat dry milk to make mozzarella cheese but did not submit required monthly performance reports until the end of the contract year. As a result, neither the processor nor the contracting agencies knew if he had fulfilled his obligation. The end-of-year performance reports disclosed that the processor had a "negative inventory" for one contracting agency of about 160,000 pounds of nonfat dry milk (the processor had delivered cheese representing 160,000 pounds of nonfat dry milk more than he had been furnished) He borrowed nonfat dry milk from other contracting agencies to fill the orders for the initiating contracting agency. The agency terminated the contract with this processor for the current year. However, other contracting agencies have continued to contract with this processor even though he still does not comply with performance reporting requirements. Thus far, for Fiscal Year 1979, this processor has received almost 1.4 million pounds of nonfat dry milk powder valued at over $985,000. To date, he has not accounted for its processing or distribution.

c. Another processor did not submit performance reports for all its contracting agencies. He submitted reports for donated peanut butter received by direct bulk shipment from the State Distributing Agency. But he did not submit reports for shipments received from individual school districts he had contracts with. This processor did not keep records of receipts by source (State or schools), and we could not determine the amount of peanut butter in inventory belonging to each contracting agency. However, we did note that in some instances, end product shipments to individual school districts were used to reduce both the school district inventory and that of the State Distributing Agency.

d. A processor converted peanut and soybean oil into mayonnaise and salad dressings but did not report the number of end products delivered to recipient agencies. The processor's performance reports showed units produced and delivered to independent commercial distributors. The ending inventory reflected only a computed amount of the oil not processed into end products. The processor told us that he sold the end products to commercial distributors at a discount to allow for the value of the donated oil; he relied on the distributors to sell the products at a discount to the recipient agencies. He did not require the commercial distributors to account for the products because he believed he was not accountable for the end product after he sold them. We visited two of the distributors who handled the processor's products and found that they did not maintain full records of sales to recipient agencies and could not account for all of the products. In this case, the contracting agency, the processor and distributors could not account for donated foods valued at $28,610 (82,334 lbs. @ $.3475).

e. Distributing agencies had not always reviewed performance reports to assure that processors properly accounted for all shipments. For example, one distributing agency had not received performance reports from one processor since 1974 and did not know the processor had not recorded flour shipments of about 299,000 pounds ($22,000). Another distributing agency had not detected the omission of a 100,000 pound flour shipment ($7,360) from a processor's report.

The distributing agencies were partly responsible for the breakdown in the performance reporting system: they did not review reports submitted, did not require accountability from the processors and continued to furnish donated foods to processors who failed to submit reports. The processors maintained they were accountable only for the value of the donated foods furnished to them. They did not believe that they should report actual beginning and ending inventories, yields and amounts of donated foods used. Further, because of their delivery methods, the processors could not accurately report the number of end products delivered. In order for the processors to account fully for the donated foods, they would need to maintain a finished goods inventory.

FNS should instruct distributing agencies to require all processors to submit monthly performance reports. FNS should consider requiring both physical inventories and finished goods inventories. Distributing agencies should be instructed to revise or terminate any contracts which do not require processors to report performance and to terminate all contracts with processors who do not comply with reporting requirements.

DISTRIBUTORS

5. Thirteen of the 18 processors used independent commercial distributors to deliver processed donated foods to recipient agencies instead of using the States' distribution systems. We found that the use of independent commercial distributors did not: (1) allow full accountability for the donated foods, (2) give full assurance that the processed products and their values were returned to eligible recipient agencies, (3) always provide the most economical method of delivery, and (4) ensure the equitable distribution of donated foods among recipient agencies.

Processors preferred to use their normal commercial distributors rather than handle processed donated foods separately. Some told us that if they bypassed their commercial distributors to deliver donated foods, their distributors may be reluctant to handle their commercial products. Also, processors believed that the food industry was best equipped to distribute the foods.

Although the use of commercial distributors was the most common method of distributing processed donated foods, regulations and FNS instructions do not provide for this. Instead, regulations place full responsibility on the distributing agencies. We noted that in all cases where processors use independent commercial distributors, the processing contracts did not provide a final cost to the contracting agencies, as required by regulations, because distribution costs were not known. Also, the processing contracts did not address the delivery method, make the distributor a party to the processing contract, or make the distributor responsible for accounting for the donated foods. In the absence of any contractual terms, these commercial distributors could act independently from the processors. As a result, processors could exercise little control over the handling of donated foods after they reached the distributors.

Six processors who used independent commercial distributors did not have an accurate system to determine if end products actually reached recipient agencies. In FY-1978, these six processors received about $5.7 million in donated foods. They sold the end products to commercial distributors at their regular wholesale price less the value of the donated food contained in the end products. The processors then relied on the distributors to sell the end products to recipient agencies at a discounted price for the value of the donated foods. However, the distributors were under no contractual obligation to pass the discount on to the recipient agencies or to account for the disposal of the end products.

In these cases, the processors reported that the donated foods had been used in the production of end products and delivered to recipient agencies although, at the time, they had actually sold the end products to the distributors. Some of the processors actually reduced their inventory obligations to the contracting agency even though none of the end products had been delivered to an eligible recipient agency. Other processors believed their responsibility for donated foods ended when they sold the end products to the distributors.

Some processors who also sold processed donated foods to commercial distributors used a rebate system rather than a discount system to reduce the end product price to recipient agencies.

For example, five processors sold processed donated foods to their commercial distributors at their regular wholesale price. The distributors then sold these products to recipient agencies at the regular price. The agencies could then apply to the processor for a cash rebate for the value of the donated foods contained in the products. Generally, the processor would reduce the contracting agencies' book inventory of donated foods when a rebate was paid. In these cases, the distributor was under no contractual obligation to sell products to eligible recipient agencies only, nor were distributors restricted in the price they charged for the products. Under this method of distribution some recipient agencies did not apply for cash rebates to which they were entitled.
In another case, one processor who used independent distributors (through a broker) both to pick up the raw donated foods at the contracting agencies and to deliver end products to the agencies could not account fully for donated foods received, processed or delivered. This processor relied on the distributor to maintain records accounting for the foods; however, our review showed that neither the processor nor the distributor had complete records.

We visited distributors to ascertain how the processed donated foods had been disposed of. In general, because the distributors were not under any contractual obligation to account for the donated foods, they did not maintain records. Therefore, neither we nor the distributing agencies could determine if all the end products had been distributed to eligible recipient agencies.

For example, two of the distributors provided us with records which accounted for a part of the end products they had received. These records showed that some of the products had been sold to commercial outlets rather than to eligible recipient agencies. These two distributors had sold pizza products for one processor to at least 35 commercial outlets or ineligible agencies. The donated cheese in these pizza products had a value of over $2,600. These sales included about $470 of donated cheese that the distributor sold to schools in a State that did not have a processing contract with this processor. We noted another instance where a distributor for another pizza processor had sold 58 cases of pizza products with a donated food value of $550 to ineligible outlets.

At five distributors, we compared the quantities of end products furnished them with the quantities shown on their records as being delivered to eligible recipient agencies. These five distributors could not account for over 3,590 cases of pizza products containing donated foods valued at about $24,000. They did not have complete records; however, they told us that the processors allowed them to sell the end products to both eligible agencies and commercial outlets because cash rebates would only be paid to eligible recipients.

Regardless of whether the processors used cash rebates or price discounts, the use of independent commercial distributors sometimes resulted in higher costs to the recipient agencies. For example, one processor operated with a broker and independent commercial distributors. The processor paid a 5 or 6 percent commission to the broker and the distributor added costs of 20 to 30 percent for the distribution. Several distributing agencies had contracts with this processor to produce mozzarella cheese from donated nonfat dry milk for a processing fee of about $.50 per pound. For one distributing agency, the processor delivered the cheese through a broker who arranged distribution to recipient agencies. The processor paid the broker a six percent commission. The broker sold the cheese to recipient agencies for a cost of about $.76 per pound. After shipping costs, the recipient agencies were paying about $.20 a pound more for the cheese than other recipient agencies not using brokers or distributors. The use of this broker and distributors added about $60,000 in cost to the recipient agencies for the 274,000 pounds of cheese received in FY-1978. For FY 79 to date, the additional costs to recipient agencies exceeds $100,000.

Another recipient agency paid added costs of about $3,100 for a distributor's fee for 2,400 cases of pizza. The processor shipped the pizza directly from the processing plant to the recipient agency and the commercial distributor was not involved in the transaction.

Also, distributors' lack of standard prices resulted in recipient agencies paying higher prices for the same end products. For example one processor who converted donated soybean oil into mayonnaise and salad dressing sold the end products to commercial distributors at a discount for the value of the donated oil. The processor required the distributors to report their sales of the end products to the recipient agencies but did not control the price the distributors charged for the end products.

We mailed questionnaires to 50 of the recipient agencies to determine if they received the full discount for the value of the donated oil in the end products. Of the 31 responses, 13 recipient agencies did not know the regular wholesale price of the end product and therefore did not know if the distributor had allowed them the full discount. Eighteen of the recipient agencies reported knowing the regular wholesale price. Of these, 17 reported paying prices for the end products that showed they had not received the full discount for the value of the donated oil. The processing contract established a value of $.38 per pound for the donated oil; these 17 recipient agencies received a discount of from $.20 to $.35 per pound for the donated oil.

In other instances, we noted distributors charged recipient agencies from $6.65 to $7.95 per case for the same salad dressing products made by one processor. And a distributor for a pizza processor charged recipient agencies from $15 to $24 per case for the same item.

In addition to poor accountability for donated foods and added costs, the use of commercial distributors did not always result in an equitable distribution of donated foods among recipient agencies. For example, one distributing agency monitored the distribution of donated foods to recipient agencies based on the feeding population, except in cases where processed donated foods were returned through commercial distributors. The commercial distributors could sell any quantity of processed products to any eligible recipient agency without regard to the recipient agency's feeding population.

In many cases, the distributing agencies' distribution systems could be used to distribute processed donated foods at a lesser cost to recipient agencies. They would provide better accountability for processed donated foods, ensure more equitable distribution of the donated foods, and ensure that only eligible recipient agencies receive the processed donated foods.

FNS should evaluate the potential of each distributing agency's system for distributing processed donated foods. The distributing agencies should be instructed to use their systems to the fullest extent possible. The use of commercial distributors should be permitted only in those cases where it would be more efficient, economical, and would maintain equitable distribution. If commercial distributors are to be used, regulations should be revised to include: (1) a final delivered cost to the recipient agencies, (2) the distributor as an accountable party to the contract and (3) requirements for distributor reports.

CONTRACTUAL PROVISIONS

6. In general, processing contracts either did not contain all of the minimum requirements set forth in regulations or else they contained provisions contrary to regulations. We found that contracts (a) allowed improper substitution and exchange of donated foods, (b) did not always state a final cost to the recipient agencies, (c) did not reflect the actual value of donated foods in the end products, (d) did not specify the nutritional contents of the end products, and (e) did not allow for full rights of audit and inspection by distributing agencies or the Department.

The lack of contracting expertise at the distributing agencies and of guidance from FNS, caused the distributing agencies to rely on the food industry to set the contractual requirements for processing donated foods. Weaknesses in the contractual provisions allowed processors to operate outside of requirements and intent of the regulations, and regulations and FNS instructions did not specify contract requirements accurately enough to ensure processor performance or to allow the distributing agencies and the Department to enforce the requirements.

Current regulations provide that title to commodities passes to distributing agencies upon their acceptance of the commodities at the time and place of delivery. Because the donated foods become property of the distributing agencies, the Department normally takes only claim action against the distributing agencies and normally does not pursue legal action against processors or others who willfully misuse, steal or obtain donated foods by fraud for their own use or gain. On November 10, 1978, Congress enacted legislation (Public Law 95-627) which provides for penalties for such misuse, theft and fraudulent acts. At the time of our audit FNS had not acted to amend Food Distribution Regulations to include these provisions.

During our reviews we noted the following:

a. Processing contracts allowed processors to commingle, exchange and substitute some donated foods with the processor's normal commercial inventory indiscriminately. In some cases, distributing agencies entered into contracts that defined some donated foods as fungible. They believed that processors could commingle and substitute for any USDA donated food designated as fungible, provided a like quantity of equal or better quality food replaced the donated food. However, even when the contracts contained this provision, distributing agencies had no assurance that processors substituted foods of an equal quantity and quality. Regulations provide that donated foods may be substituted only when depleted donated foods would otherwise hold up production. Also, this contractual provision is contrary to Part 250.4 (a) which states "...Commodities...shall not be sold, exchanged or otherwise disposed of without the approval of the Department."

As shown in Audit Results - 2 of this report, we considered the distributing agencies' and processors' misinterpretation of regulations governing substitution and exchange of donated foods to be the major cause of improper distribution and misuse of donated foods.

b. Distributing agencies entered into contracts which did not state a final cost of the processed donated foods to the recipient agencies, as required by Part 250.6 (m) (2) of the regulations. In these cases, processors used independent commercial distributors to deliver the processed end products. Because the commercial distributors were not a party to the processing contract and operated independently from the processor, recipient agencies did not know if the distributors' prices were reasonable. As a result, the distributing and recipient agencies did not know if the processor returned the full value of the donated foods. Our reviews showed that, in general, when the contracts did not provide a final cost, the recipient agencies did not receive the full value of the donated foods but instead paid inflated prices.

c. Processing contracts established a contract value for the donated foods contained in the end products that did not always reflect their true value. In most cases, the contract values were based on the price the processor quoted as paying for the same kind and quality of product at the time the contract was executed. However, distributing agencies had no assurance that the price the processor quoted represented the same kind and quality of product. Since contract values of the donated foods were used as a basis for the amounts of contractual cash rebates and discounts, recipient agencies may not have received full monetary value.

Processing contracts contained provisions that the value allowed for donated foods would be either the USDA purchase price at the time the contract was executed or the price the processor was paying for the same kind and quality of food at the time the contract was executed. In most cases where the processors used cash rebates and price discounts, the contract based the value of donated foods on the processor's price rather than the USDA purchase price. The processor's price was usually less than the USDA purchase price. Distributing agencies entered into these contracts without having full knowledge of how the processors determined the price.

We noted three instances where the processor's price was not based on the same kind and quality of product. Two ground beef processors based the value of products on their purchases of lesser quality meats or unground beef trimmings. The price for their products was $.65 per pound for one processor and varied from $.365 to $.65 for the other processor compared to the average USDA purchase cost of ground beef of $.7474. Consequently, the recipient agencies received about $11,000 less than USDA paid for the donated ground beef. Another processor stated a rebate value of $.3342 per pound for peanut butter when USDA purchase price was $.4650 per pound. The processor told us his price represented the cost of making peanut butter from peanut splits (split peanut seeds) which had less value than the whole peanuts USDA purchased. The difference in these values resulted in the recipient agencies receiving about $1,580 less during Fiscal Year 1978 than if the USDA value had been used.

d. Processing contracts allowed the production of end products not meeting the nutritional requirements of the Child Nutrition Program (CNP) even though the end products were to be used as meal components under one of the programs. In these cases, the contracts provided for end products which were the processor's existing commercial line rather than ones designed to meet specific nutritional standards. For example, some meat patties and cheese pizzas used as the meat/meat alternate component of Type A lunches did not meet the minimum protein requirements of CNP regulations.

Part 250.6 (m) (7) of the regulations require distributing agencies to collaborate with the agencies administering the CNP to determine if the end products to be provided under the contract meet the nutritional requirements of the CNP regulations. Only 1 of 10 distributing agencies we reviewed actually consulted the nutritionists of the State agency administering the CNP. Though regulations imply that the end products should meet the CNP nutritional requirements, they do not prohibit distributing agencies from entering into contracts for products that do not.

e. Contracts for processing donated foods do not describe the rights of the distributing agencies and the Department in enough detail to allow indepth audits and inspections of the processor's operations and records or state fully what records the processors must maintain and make available. One distributing agency's contracts did not contain any provision for audit and inspection. Regulations (Part 250.6 (q) and (s)) require processors to keep records with respect to the receipt, disposal and inventory of donated foods. They require processors to keep formulae, recipes, load out sheets, bills of lading, and other processing and shipping records to substantiate the use and disposition of donated foods including related financial records.

In general, the contracts only refer to the processor maintaining and making available for review those records which relate to the receipt, use and disposition of the donated foods, but do not address the processor's responsibility regarding financial records, formulae and recipes. All records are necessary to substantiate that donated foods were used according to regulations and to evaluate product make-up, product costs and processing fees.

During our reviews, we experienced difficulty in obtaining the processors' financial records related to the costs of processing and their formulae and recipes that described the make-up of the end products. Some processors refused us access to such records, pointing out that they were under no contractual obligation to keep such records or to make them available for review. They considered information regarding their costs and formulae to be confidental.

We also noted differing contractual provisions among the 10 distributing agencies. Some of these provisions were beneficial to the program, but others weakened its integrity. For example, although regulations require all contracts to be reviewed and approved by the distributing agencies, we noted one instance where the distributing agency gave a post approval only. This distributing agency allowed recipient agencies to enter into signed and binding contracts prior to its review of the contracts. This post approval was meaningless because there was no contract provision stating that the distributing agency could disapprove the contract or change any of the contractual provisions.

FNS labeling instructions were not consistently followed by distributing agencies. Some required that processors label the end products as containing donated foods. Others did not require such labeling of end products that contained "fungible" donated foods. Similarly, performance bonds were required as a standard contractual provision by some distributing agencies while others did not require them.

Some distributing agencies simply made all eligible recipient agencies a party to the statewide contract. Others required the processors to obtain contract addenda to establish a contractual relationship between each eligible recipient agency and the processor. We considered the contract addendum system to be an ineffective method of contracting. In addition to creating volumes of addenda to be maintained by processors and distributing agencies, this system did not assure that each eligible recipient agency signed an addendum and had the opportunity to benefit from the processing contract.

With these contractual differences among distributing agencies, a processor with contracts with more than one distributing agency could be required to label end products for some distributing agencies and not for others, to provide a performance bond for some distributing agencies and not for the others and to obtain contract addenda for some distributing agencies and not for others.

FNS should amend regulations to incorporate the penalty provisions contained in Public Law 95-627 for the willful misuse or theft of property donated by the Department. Also, FNS should review all contracts to identify those that do not comply with the minimum requirements of current regulations. Those contracts lacking all essential provisions should be terminated and renegotiated. Current regulations should be revised to define more clearly minimum contractual requirements and give special emphasis to substitution of donated foods, nutritional aspects of end products, cost of end products to recipient agencies, and processors records maintenance and availability of records for audit and inspection. Also, FNS should consider revising current regulations to address end product labeling, performance bonding, and contract addenda more clearly. FNS should train all distributing agencies as to the minimum contractual requirements outlined in the revised regulations.

INVENTORY MANAGEMENT

7. Distributing agencies allowed processors to accumulate either excessive inventories or to operate with negative inventory balances. They did not monitor the processors' activities closely enough to know the status of their current inventories and to ship donated foods accordingly; nor did they furnish new processors donated foods in time to start a school year's production. This ineffective inventory management allowed 4 of the 18 processors to accumulate excessive flour inventories exceeding 4 million pounds with a value of $358,000. These processors were able to decrease their operating costs by using donated foods for their commercial products. They returned the excessive inventories to commercial channels, thereby defeating the purpose of the price support program.

   Also, three processors had negative inventories representing about 251,000 pounds of flour valued at $19,800; 153,000 pounds of nonfat dry milk powder valued at $110,000; and 63,000 pounds of cheese valued at $68,000. In some cases, these negative inventories occurred without the distributing agencies' knowledge because processors had not submitted performance reports. The distributing agencies allowed the processors to continue to distribute end products to recipient agencies even though they had depleted their donated food inventories. Also, other distributing agencies allowed one processor to begin distributing end products at a discount for the value of donated foods before he actually received donated food commodities. As a result, recipient agencies acquired liabilities for over $197,000 for food commodity values.

Also, processors had used some donated food inventories in products distributed to other distributing agencies that had a zero or negative donated food inventory balance.

Federal Regulations, Part 250.6 (f) state that the distributing agencies shall request and distribute commodities only in quantities which can be consumed without waste and impose similar restrictions on recipient agencies. However, regulations do not define acceptable quantities which distributing agencies should maintain with processors.

Of the 18 processors of donated food items, 17 had donated food inventory balances as of September 30, 1978, valued in excess of $4 million. The other processor did not have adequate records to show its donated foods inventory balance. Seven of the 17 processors had excessive and/or negative inventory balances. The donated foods processed were cheese, flour, and nonfat dry milk. The processors using flour had the largest excessive inventories. Details of these conditions follow:

a. Distributing agencies continued to furnish bulk shipments even though the processor's book inventories exceeded their current usage or needs. For example, two processors who used flour to produce cookie and cracker products, and two processors who used flour to produce pasta products had book inventories of donated flour on September 30, 1978, totaling 7.2 million pounds, representing a value of about $711,000. These processors only used 3.2 million pounds of flour during the 1978 Fiscal Year. The difference of 4 million pounds of flour, valued at about $358,000 represented excessive inventories ranging from 1.5 to 10.8 year's supply. A processor who used flour to make cookie and cracker products had a book inventory balance on September 30, 1978, of 4.1 million pounds valued at about $305,000. From the processor's records, we determined that he furnished recipient agencies with end products containing only 671,284 pounds of flour during FY 1978. According to the FY 1978 usage, the processor's book inventory represented a six-year supply of flour.

One distributing agency was aware that it had large inventories of donated foods at the processors, but believed the excess inventories could be beneficial to the Department in case of a price increase: if prices for the same foods increased the following year, the Department would not have to pay the extra cost. The distributing agent stated if it did not accept all donated foods offered, it would receive adverse public reactions.

Distributing agencies should not order donated foods according to price speculation but according to their needs. Excessive inventories permit the processors to reduce their commercial production cost because they use the donated foods in commercial products. Thus, it was to the advantage of the processors to accumulate as much of the donated foods as possible. The excessive inventories defeat the purpose of the price support program which was designed to take products that are in excess out of commercial channels. These processors were in effect returning the donated foods to commercial channels.

The system of shipping donated foods to the processors in bulk lots also contributed to the excessive inventories. For example, processors of flour received shipments in 100,000 pound air-slide freight cars or trucks, and soybean oil processors received the oil in 80,000 pound tank cars. We found that although bulk shipments may be the most economical, processors could not always use donated foods in such quantities for each distributing agency. However, each distributing agency ordered donated foods in these bulk lots rather than splitting the lot with one or more other distributing agencies.

In several instances distributing agencies shipped processors a bulk shipment unexpectedly. These processors told us that even if they had an adequate supply of donated foods on hand, some distributing agencies continued to send shipments without prior notification and without determining if the processor's inventory balance of the donated food were adequate.

b. Distributing agencies allowed some processors to operate with negative book inventories. Some of these negative inventories occurred without the distributing agencies' knowledge because the processors had not submitted performance reports. In other cases, distributing agencies knowingly allowed processors to enter negative inventory positions. When the processors did not furnish performance reports, distributing agencies had no idea of the quantity of donated foods used; as a result, they allowed the processors to continue to distribute end products to recipient agencies after the donated food inventory was depleted. Distributing agencies allowed one processor into the program by allowing commodity value discounts on its product prices, even though the processor had not yet received donated food commodities. Thus, distributing agencies had acquired liabilities of over $197,000 to processors.

Specifically, we found that one processor started selling its pizza products with discounts for the value of the cheese and flour contained in the products before actually receiving donated commodities. As of September 30, 1978, this processor had negative flour inventories totaling 202,000 pounds with four distributing agencies, and negative cheese inventories totaling over 63,000 pounds with two others. These negative inventories represented a liability for the distributing agencies of about $84,000 to the processor.

In other instances, processors had not reported their donated food usage, and distributing agencies allowed them to distribute end products to recipient agencies. For example, one processor had accumulated a negative flour inventory of about 49,000 pounds with one distributing agency. The processor had not submitted performance reports since November 1974, and the distributing agency was unaware that the processor's donated food inventory was depleted or that the processor had continued to distribute products to recipient agencies. Nevertheless, the distributing agency renewed his contract with the processor and replenished the negative inventory in December 1977. As of our audit, this processor still had not furnished any performance reports.

Still another processor who used nonfat dry milk powder to make mozzarella cheese for eight distributing agencies had not submitted performance reports during the entire contract period. The processor prepared the performance reports at the end of the contract period. These end-of-year performance reports showed that the processor had a negative nonfat dry milk inventory of over 153,000 pounds for one distributing agency. The distributing agency cancelled the processing contract but still furnished the processor 160,000 pounds of milk powder from his next year's donated food entitlement to offset the negative inventory.

Also, processors used one distributing agency's inventories to produce and return end products to other distributing agencies with zero or negative donated food inventories.

One processor who utilized donated cheddar cheese had a negative inventory balance for four of the six distributing agencies he had contracts with. For example, on March 31, 1978, the two distributing agencies had positive inventory balances of 119,706 pounds of cheese. But the other four distributing agencies had negative inventory balances totaling about 45,000 pounds of cheese with a value of about $48,500. The processor continued distributing end products for all six distributing agencies, even though four of them had negative balances. Therefore, the processor used the inventories of two distributing agencies to supply all six distributing agencies with end products.

FNS should provide distributing agencies with guidance for managing inventories placed with processors. Distributing agencies should be instructed to limit the inventories of donated goods placed with processors to amounts which are reasonable according to current usage. Further, distributing agencies and processors should be informed that negative inventories are only permissable in those cases where authorized substitution has been permitted due to depleted donated food inventories that would otherwise hold up production required under a processing contract. Distributing agencies should be required to review current inventories to identify those which are excessive or negative. Shipments to processors with excessive inventories should be terminated until the inventories are reduced to reasonable levels. Negative inventories should be corrected and processors should be prevented from entering a negative inventory position without authorization.

COSTS OF PROCESSING

8. The 18 processors included in our review used either a cash rebate system, a price discount system, or a processing fee to recover their cost of processing. We analyzed the actual applications of these methods, comparing them with FNS instructions, to see if prices paid by recipient agencies actually reflected a proper price reduction on purchases containing donated foods.

In most instances processors were not equipped to implement a true rebate or discount system and did not give recipient agencies full rebates or discounts. Once the end product left the processing plants, processors could not control product pricing because distribution to recipient agencies was carried out by independent commercial distributors. These distributors were not a part of the processing contract, and were not accountable to either the processor or contracting agencies; there was no assurance the distributor passed on price reductions to the recipient agencies. In effect, discounts were determined by the independent commercial distributors, whereas rebates were handled by processors after the end products were purchased by recipient agencies from the independent commercial distributors. In either case, recipient agencies did not always know if the discount was applied to processors' lowest wholesale price, or were unfamiliar with the requirements for obtaining a rebate.

Second, our review of processing fees disclosed that FNS and distributing agencies would have difficulty in evaluating such fees without knowing the processors's costs and pricing structure. The only way to ensure a reasonable processing fee would be through competitive bidding where more than one processor could quote a fee for like end products. Most of the processing fee systems did not reflect the processor's actual cost but represented a set fee designed to obtain a desired profit or to remain competitive in the market.

Regulations (Part 250.6 (m)) provide that distributing agencies or recipient agencies may pay the processor for the cost of processing but do not establish any method for determining the cost of processing. FNS (FD) Instruction 705-4, IV, K, provides the contract shall include the cost to the contracting agency. This cost may be in the form of a charge for services or a charge for additional ingredients and services supplied by the processor. In lieu of such charges, the processor may use his lowest current wholesale price (with usual volume discounts) for the end product unit less the estimated value of the donated food commodities which were either utilized or substituted for in the end product.

Cash Rebates

a. We found that processors were not equipped to use cash rebate systems because they had no control over the cost of end products to recipient agencies and could not provide any assurance that all eligible recipient agencies received rebates. The prices recipient agencies paid for the same products varied by as much as 58 percent and not all recipient agencies applied for rebates they were entitled to. Further, processors using cash rebate systems could delay paying the rebates to the recipient agencies for extended periods of time (up to 10 months in one instance) and earned rebates of about $43,000 may never be paid by one processor.

Seven of the processors we visited used the cash rebate system. Six processors sold the end products to their independent commercial distributors at their regular wholesale price, the distributors in turn sold the products to recipient agencies at various prices. The other processor dealt directly with the recipient agencies. In order for recipient agencies to receive cash rebates from these six processors, they had first to purchase the foods containing donated commodities from the processors' distributors, at the distributors' quoted prices. The recipient agencies then had to apply for a rebate, either directly from the processor or through the distributors where the products were purchased.

We found that the distributors were charging different prices to the recipient agencies for the same end product;

however, the rebates the agencies received were the same. Therefore, because of the difference in prices charged by the distributors, the net benefits under the rebate system were different for all recipient agencies. The following shows the price ranges paid by recipient agencies for various products:

Product	Price Range (Case)	Percent Variance
Pizza	$15.30 to $24.25	58
Crackers	4.50 to 5.50	22
Cookies	9.05 to 10.56	17
Salad Dressing	6.90 to 7.95	15

In addition to distributors charging different prices, some recipient agencies were not aware of the rebate system, and, therefore, could not benefit from the donated foods. Other recipient agencies found it too troublesome and time consuming to apply for rebates and therefore, did not take advantage of the program. We sent questionnaires to 50 eligible recipient agencies that had not applied for rebates to determine if they had purchased products containing donated foods from one processor. Three recipient agencies reported they had purchased products from the processor. Of these, two did not know they were eligible for a rebate and the other did not apply for the rebate. This demonstrated that not all recipient agencies are receiving the intended program benefits. In another case, an eligible recipient agency was entitled to a rebate of over $3,800 but did not apply for it. The processor told us that he was aware he owed the rebate, but would not pay it until the agency applied for it.

Also, the rebate system is not geared to making prompt rebate payments to recipient agencies. Some recipient agencies either do not apply or do not apply promptly for rebates, and processors do not make rebate payments immediately after receipt of rebate applications. We noted one processor who delayed up to 10 months before making rebate payments. Another processor withheld over $8,400 in rebates which recipient agencies had applied for. The processor said he had not paid some of the agencies because he had not received contract addenda from them and in other cases he just delayed making the payments. This same processor also reduced the distributing agencies donated food inventories before the recipient agencies received a rebate for the value of the donated food. For Fiscal Year 1978, he reduced the inventories by over $43,000 more than the amount he paid to agencies in rebates. There is no assurance the agencies will ever receive the benefit of the $43,000 of donated foods.

Price Discounts

b. Three of the 18 processors used a price discount system to reflect the value of the donated commodities included in the end products purchased by recipient agencies. We found that since the processors did not deal directly with recipient agencies, there was no assurance that the recipient agencies actually received a true discount.

As under the rebate system, processors sold the end products to commercial distributors at the regular wholesale price. Under the discount system, the processor also gave the distributor a discount off the regular wholesale price for the value of the donated commodities in the products. From here on, the processor had no control over the pricing, discount and distribution of the end products that ultimately reached recipient agencies. He relied on his independent commercial distributor to pass the discounts on to recipient agencies. While we found that distributors gave discounts to recipients agencies, we also found that ineligible recipients received similar discounts. Because they acted independently from the contracting agencies and the processors, distributors were in a position to adjust prices and the amount of discount for the same end product. In addition, most recipient agencies, such as schools, were in no position to know whether discounts received were applied to the processor's lowest wholesale price for the products purchased.

For example, one processor sold processed pizza to a distributor at a discounted price of $13 per case. Each case of pizza contained donated commodities valued at $9 as established by the processing contract, and a regular wholesale price of $22. The distributors sold these cases of pizza to eligible recipient agencies and ineligible recipients. The following illustrates the sales and prices charged recipients purchasing the pizza during October and November 1978:

Ineligible Recipients	Cases Purchased	Per Case
A	36	$20.00
B	10	16.00
C	10	16.00
D	2	16.00
E	1	27.00
Eligible Recipients		
A	42	$15.00
B	30	16.00
C	5	17.00
D	1	24.00

In no case could it b[illegible]etermined that the prices charged to recipient agencies [illegible]k into account the value ($9.00) of the donated commod[illegible]s in the end product. In effect, the processor gave the distributor a discount allowance for the value of the donated commodities, but the distributors, being independent from the processor could and did sell end products at various discount prices to anyone wishing to purchase them.

Processing Fees

c. The remaining eight processors included in our review were charging a processing fee. In most instances, this meant a charge for services and other ingredients in the product. However, our reviews disclosed that distributing agencies would have difficulty in determining the reasonableness of processing fees. In order to evaluate a processing fee, the contracting agencies would have to know the processor's costs and pricing structure. We found that these records were not readily available for review, and some processors refused us access to such records. We believe the only way distributing agencies could be assured of a reasonable processing fee would be through competitive bidding for identical end products.

We noted some of the processors were charging a processing fee but leading the distributing agencies to believe a discount method was being used. In these instances, the processors would manipulate their wholesale prices in order to receive the processing fee they desired. They would start with the desired processing fee and would add a reasonable value for the donated foods. The processing contract implied this total was the processor's regular wholesale price. We found cases where it was not. For example, the processing fee established for one processor's contracts allowed him to realize a greater profit from the end products distributed to recipient agencies than from the same product sold commercially. Conversely, another processor would understate his regular wholesale price so that his net price would be lower than that of competitors. Therefore, this processor was realizing a lower profit on end products distributed to recipient agencies than on the same products sold commercially.

These examples show that processing fees do not reflect the processor's normal cost and profit structure.

FNS should revise regulations to address specifically the use of rebate, discount and processing fees and it should provide guidance to implement these systems to assure that recipient agencies promptly receive the full value of the donated foods contained in the end products.

Regional Inspector General
for Auditing

Audit Performed By:

Edwin D. Linderman, Supervisory Auditor

Raymond G. Poland, Auditor-in-Charge

AUDIT LOCATIONS

FOOD AND NUTRITION SERVICE REGIONAL OFFICES:

Mid-Atlantic Region - Robinsville, N.J.

Midwest Region - Chicago, Illinois

Southeast Region - Atlanta, Georgia

Southwest Region - Dallas, Texas

Western Region - San Francisco, California

STATE DISTRIBUTING AGENCIES

California

Florida

Illinois

Michigan

New Jersey

New York

North Carolina

Ohio

Pennsylvania

Texas

EXHIBIT A

UNITED STATES DEPARTMENT OF AGRICULTURE
FOOD AND NUTRITION SERVICE

REPLY TO
ATTN OF

WASHINGTON, DC 20250

MAR 14 1979

SUBJECT: Draft Audit Report No. 2799-52-Ch
Contracts For Processing Donated Foods

TO: Frank Reynolds, Acting Director
Marketing and Consumer Programs
Division
Office of Audit

Thank you for forwarding copies of the Draft Audit Report No. 2799-52-Ch, "Contracts for Processing Donated Foods." We have reviewed the draft report and want to share with you some of the corrective measures that have been implemented by the Food Distribution Division. These include the following:

1. The Food Distribution Division recently surveyed each State Distributing Agency to obtain the following information:

   a. A list of Food Processors that have processing contracts within the State;

   b. The average monthly usage of donated foods by each processor; and

   c. The amount of USDA food being held in inventory by each processor.

As a result of this survey, processors with excessive inventories of USDA donated foods were identified. Regional Offices and State Distributing Agencies were notified that because of the excessive inventories, additional shipments of donated foods to these processors would be suspended until such time as their inventories were reduced to acceptable levels. In addition, the processors that held excessive inventories of donated foods, were notified of our concerns and invited to meet with us to determine ways of reducing their inventories. As a result, the excessive inventories of donated foods in processing plants are being reduced to acceptable levels. The Food Distribution Division plans to continue this type of inventory reporting in the future.

2. The processing contract portion of the Administrative Analysis guidelines has been expanded. As a result, FNS Regional Office personnel will be conducting in-depth reviews of each State's processing contract program. The major areas that are included in these annual reviews include substitution of donated foods, large and negative inventories, accountability, performance reporting, acceptability of end products, contract specifications, value of donated food in processing contracts and distributors.

Form FNS-600 (1-72)

EXHIBIT B
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3. The Food Distribution Division has developed a processing contract checklist to be used by FNS Regional Offices and State Distributing Agencies during the review of processing contracts. This checklist identifies the major areas that should be included in the agreement and verified prior to approval of any processing contract.

4. The Food Distributing Regulations are being amended to incorporate the penalty provisions contained in Public Law 95-627 for the willful misuse or theft of property donated by the Department.

5. During the week of February 12, 1979, the Food Distribution Division met with representatives of the State Distributing Agencies and FNS Regional Offices to review the draft report and recommend corrective actions for the deficiencies listed in the audit. As a result of this meeting, we are preparing position papers, for Agency and Department approval, on the following subjects:

1. Substitution of USDA donated foods
2. Use of USDA acceptance services
3. Performance and surety bonding
4. Large and negative inventories
5. Staffing requirements
6. End products that do not contribute or meet Type A meal requirements
7. Minimum requirements for all processing contracts

In addition, the Food Distribution Division plans to amend and strengthen that section of the regulations pertaining to processing contracts.

Darrel E. Gray

DARREL E. GRAY
Director
Food Distribution Division

EXHIBIT B
(Page 2 of 2)

Chairman **Perkins**. But I would like for you to tell the committee whether you know of any abuses of the summer feeding program and if so, to what extent and what needs to be done to correct the situation. We tried to clean this matter up 2 or 3 years ago and enact severe penalties. I think we have sufficient law, but it is being rumored, nobody has come up with any names, that there are scandals in the country today.

Do you know anything about that?

Mr. **Greenstein**. Mr. Chairman, this really covers the school lunch program, some problems we have that are very serious as to misuse of commodities in the summer school lunch programs. There are investigations and indictments underway in several States. There have been convictions in some areas. We have tightened legislation to improve our program.

The OIG audit found that serious accountability problems exist in the receipt, use, and disposition of donated foods. In one case USDA choice hamburger with 20 percent fat was turned over to a processor. However, the schools received hamburger patties made from imported beef that was 30 percent fat. In another instance there were 12 processors who sold donated foods to commercial outlets, exchanged donated foods with their own commercial inventories, and could not physically account for about $3.4 million of donated foods that should have been in their inventory. When these things happen, it is the schools and schoolchildren who get shortchanged.

Frankly, Mr. Chairman, I was shocked to hear of this, and this audit was a bombshell. We are trying to develop sufficient procedures to clean it up.

Chairman **Perkins**. You have sufficient law to clean it up, do you not?

Mr. **Greenstein**. We do, and we do not. In order to do that, there needs to be added work by the State distributing agencies in monitoring and tracking these commodities. In order for us to direct the State agencies to do this work, they need the funds and the stamp of authority to do it. In those instances where the agency is the same organization as the State, education funds they are getting are SAE funds. But in 40 percent of the States where the State distributing agency is entirely different, they may not be getting even a dollar of the SAE funds. For us to put requirements on them without providing the money, it probably would not work.

In the discretionary money the Secretary has one of the prime things we are looking at doing is proposing that a certain amount of those funds be earmarked for food distribution. That would assure in those 40 percent of the States where a different agency runs the commodity program, they would get a modest proportion to fund their activities in cleaning up these contracts so the individual schools and individual schoolchildren can get the true commodities Congress intends.

Chairman **Perkins**. In all the instances where it has come to your attention that the schoolchildren have been shortchanged, have you called that to the attention of the Justice Department?

Mr. **Greenstein**. Mr. Chairman, we have just in recent weeks received this audit from the Office of the Inspector General. It is my understanding the Office of the Inspector General, in any instances where they find fraud, will be communicating directly with the Department of Justice. There are some investigations currently underway. Obviously I cannot prejudge them. It is possible they may lead to indictments. But what we have here is not a situation of a few isolated incidents. This is a situation where there is a lack of controls and monitoring as to what happens to the food when it goes to processors. There is a potential for abuse that is disturbing, and all of us want to move on it.

We have had discussions with some of the State school food people, and they are concerned. A number of the States have specifically requested to us that some State administrative funds be used for this purpose.

Chairman PERKINS. You have numerous laws on the books which will enable the Justice Department to act where the schoolchildren are defrauded in this country. That was our intent, and we think we have done that. But if you find any instances where you feel the Justice Department tells you they do not have the legislative authority, I will ask you to call that to our attention. Will you do that?

Mr. GREENSTEIN. I would be happy to, Mr. Chairman. But the point is we want to clean this up on the front end. It is very difficult to take everything all the way through, get the evidence. What we would like is a system with controls and monitors on the front end to assure this does not happen.

Chairman PERKINS. That is what we tried to do last year, you know, and year before.

Mr. GREENSTEIN. It is true, you attempted to do that in section 7, where this committee specifically provided that SAE funds could be used for distribution.

Chairman PERKINS. We worked on it for 2 years to give you all the authority necessary to stop this defrauding all over the country.

Mr. GREENSTEIN. We believe this would be severely undercut if the proposal to give each State education program a flat 1½ percent is adopted. That would mean in some States, where the agency is separate from the Department of Education, there would be no assurance the State distributing agency would receive funds to institute regulatory procedures.

Chairman PERKINS. Mr. Erd[illegible]

Mr. ERDAHL. This audit is very serious, because we see it as misuse of public funds. As you, Mr. Chairman, indicated, the shortchanging of children is very serious.

In these States where you talked about distributing agencies and processors, do you mean commercial firms and distributing agencies? Could you clarify that for my information, please?

Mr. GREENSTEIN. Certainly. In 60 percent of the States the distributing agency is part of the State Education Department; in 40 percent it is not. It could be the State Agriculture Department, or in some States the equivalent of the State General Services Office.

The commercial processors would be the ones who get the hamburger and turn it into patties, or flour into lasagna shells. That could be helpful. But as you can imagine, if there is a large amount of ground beef going into a processor, most of which is not USDA commodity ground beef, if the proper controls on inventories are not kept, the ground beef can be changed. If there is a lower quality ground beef being otherwise purchased than the quality we provide to the schools, it may be mixed and exchanged. And there could be extra profitability in moving that ground beef around. That is what we are talking about.

Chairman PERKINS. Mr. Kildee, no questions?

Mr. Hinson.

Mr. HINSON. No questions.

Chairman PERKINS. Any further comments you care to make?

Mr. GREENSTEIN. There is one other area in addition to the food processing contracts in which we are looking at using some of the money not specifically covered by mandatory formulas right now.

In recent audits, the Department's Office of Inspector General has discovered a variety of administrative problems tied to the meal reimbursements paid to local school districts. Audits by our Inspector General have disclosed, for example, that about 10 percent of free lunch application forms have not been checked by local authorities for completeness or for the eligibility of the applicants. This carelessness in reviewing free lunch applications is prevalent throughout the country; in an audit of the 11 largest program States, it was discovered that over 80 percent of the 186 school food authorities audited had submitted claims for meals served free or at reduced price to students whose eligibility was not properly established in the records. This clearly results in the payment of excess reimbursements to those school food authorities. We are talking about large numbers of meals for which there are no applications on file, or for which some of the applications on file are invalid on their face and have never been checked. In one audit in the District of Columbia, it was discovered that something like 50 percent of the meals served for free or reduced price had no application to back them up.

In addition, we are finding increasingly that schools do not keep adequate accounting records to substantiate the reimbursements they receive for school meals. Some school districts also fail to vary reimbursement rates according to meal cost, so that total reimbursements may regularly exceed meal cost by an unknown amount. Related findings have identified school meals that do not comply with type A school lunch requirements. There have been some recent audits in New York finding a large proportion of meals not meeting requirements.

School lunch program audits have also disclosed inadequacies in the systems local schools and school food authorities use to record the actual numbers of free, reduced price, and paid meals served to children. If these records are inadequate or incomplete, this also can result in school districts receiving larger amounts of reimbursement than their meal service warrants. We have found significant abuse in this area. One type of discrepancy is to find that a school with 100 children certified for free meals claims 100 free meals a day. On any given day only 90 of the 100 children are actually attending school and only 80 of them decide to take their free lunch. The Federal reimbursement for the 20 free meals claimed but not actually served free is used to reduce the overall cost of the food service program or used as a hidden subsidy for a la carte food or meals purchased by adults or students required to pay the full price.

We strongly believe audit findings such as these place the continued public support for the child nutrition programs in jeopardy. The Inspector General of the Department of Agriculture plans to focus attention on this as one of the major sources of waste and abuse in the entire Department of Agriculture. We must take steps to increase both the Secretary's and the States authority to deal with these problems. We are committed to improving program integrity and reducing this administrative waste and error in the school meal programs.

Accordingly, we are proposing to tighten the administration of the school meal programs through the establishment of a new accountability system in all States. This is not the same as the system sometimes called as PARS. There have been substantial changes in the system. This system, called the assessment, improvement, and monitoring systems, or AIMS, will require States to monitor closely those points at which the school meal programs are most susceptible to abuse and mismanagement. The system will take into account the fact that the greatest savings on free and reduced price meal claims can be obtained in the school districts with the largest numbers of free and reduced price meals served.

The States will be directed to investigate and uncover weaknesses in program management by the school districts and to correct these deficiencies. Actions will be taken where appropriate, to insure:

That the number of free and reduced price meals claimed does not exceed the number of free and reduced price meals served or the number of valid free or reduced price applications on file—we want to be sure we do not have areas where 100 percent of the eligible children are not receiving free meals.

That controls have been established on reimbursements to the individual schools so that reimbursements do not exceed the actual cost of producing the meals.

That the meals claimed for reimbursement are in compliance with the Federal meal pattern requirements. Our point is we want to help States to do the job and provide State administrative funds to direct the system as a whole. We do not believe providing funds on a straight percentage basis will do the job because the workload to do the job will vary depending on the size of the State or other factors. We carefully want to tailor the $4 million direct.

In the Senate report the amount is less than one-fourth of 1 percent, not one-half of 1 percent, to go where the workload needs to go in order for States to do the job that the final regulations will require to clean up these management problems.

It is for this reason in order to provide those funds to State distributing agencies and possibly to provide additional funds in the child development program, those are the things we are looking at doing with that proportion of the funds not actually mandatory.

With those pieces put together, the full overall 0.5 percent will be fully provided. No funds are being held back and these funds will be provided as soon as the supplemental appropriation comes through.

If systematic State reviews of local school food authorities disclose significant violations of these standards, we will collect reimbursements improperly paid.

This new system will require that State agencies increase their monitoring of local school food authorities and we fully recognize that this increased monitoring will necessitate additional resources in State agencies.

The key point, though, is that the workload increases will not be identical in all States, however, because the AIM system will focus additional monitoring on the school food authorities where potential losses from mismanagement and abuse are the greatest. For this reason, a straight percentage distribution of SAE funds applied equally to all States would not distribute resources in accordance with need.

On March 13 we appeared before this committee to present the major provisions of the administration's legislative proposal for this year. Several sections of that proposal would affect State administrative expense funds, and I will summarize those briefly.

First, we recommended that all State administrative expense funds be available to States for use as needed in meeting the cost of administration of the school programs and the child care food program. Currently the law requires States to use administrative funds exclusively for the program designated in the allocations. This restricts a State's administrative latitude. Our recommendation would provide school and child care administrative funds in a lump sum to the State agencies that administer more than one of these food service programs, and would permit State agencies to apply resources where the needs are greatest. States would no longer be required to direct interchangeable staff talent solely to a specific program. This will allow the State flexibility to develop staff resources for several programs and when necessary, retarget those resources to problem areas without the fear of being unable to account for fund usage in a given program. This is consistent with our goal to improve the quality and integrity of program administration.

Second, we recommended increased amounts of administrative expense funds for the summer and child care programs. Again, we think Mrs. White made a good point there. New formulas would provide a base grant to each State, to which the current statutory formula would be added, limited only by a cap designed to maintain administrative funds as a reasonable proportion of program funds. These additional funds will be allocated from administrative expense funds already available to the Secretary, and we wish to distribute these additional resources to States to support the management of the child care and summer food programs.

Finally, we are seeking authority to withhold all or part of a State's administrative expense funds if serious deficiencies in a State's administration of the programs are revealed by the new accountability system, or by our own management evaluations. Of course, before we took such action, a State would be permitted sufficient time to correct the deficiencies observed. If the deficiencies were later corrected, some or all of the funds which had been withheld from the State could be returned. This authority has existed in the food stamp program for many years, and was added to the special supplemental food program for women, infants, and children by last year's amendments to the Child Nutrition Act. In the food stamp program the Secretary is mandated to withhold funds upon certain findings, but in the WIC and the child nutrition programs we believe greater flexibility is appropriate, so the withholding would be permissive.

If we put out regulations to monitor food processors and an individual State on an isolated instance does not comply with the regulations, we currently have no mechanism whatever to direct compliance other than to terminate all child nutrition programs in the State. That atom bomb approach did not work and it means the Department of Agriculture has no enforcement whatever over programs in which there are $3 billion of Federal funds out there.

The Inspector General supports our proposal to withhold administrative expense funds in the event of serious program deficiencies. In recent testimony before the Senate Appropriations Subcommittee for Agriculture, Inspector General McBride endorsed our commitment to a management system that will set standards for State and local program administration. To insure accountability we need the authority to withhold administrative funds.

The basis for strong child nutrition programs in future years lies in sound administrative controls that establish the parameters within which States may manage the programs with maximum flexibility to meet local needs. Our legislative proposal this year would shape our system of State administrative expense funds to provide States with both incentives and assistance to carry out their responsibilities under the school and child care meal programs.

That covers all the areas we wanted to touch upon, Mr. Chairman. Thank you for the opportunity to appear here today.

Chairman **Perkins**. In view of the fact 19 States have turned back the responsibility of running the summer feeding program to the Department, what efforts are you making to insure your regional offices are equipped to absorb those responsibilities in order to run the summer program effectively? And why have the States turned it back?

Mr. **Greenstein**. I think there are several reasons, and in fact I think maybe Mrs. White could speak as well as anyone, since the State of California just turned it back in March.

I think a number of States feel themselves caught in the middle. They feel there are a substantial number of regulatory requirements which directly flow from the statute which this committee and Congress has put on the program to clear up abuses, but those impose substantial burdens.

I think States get into the situation as in the case of California and other States where because of investigations which are proceeding, payments to a particular sponsor are held up, the vendors do not get the money. The vendors and/or sponsors sue for the payment. The Justice Department does not want the payments released but will not release information as to why, for fear of jeopardizing possible indictments. The States get caught in the middle of this kind of activity.

We feel restricting the number of sponsors to schools and private sponsors preparing meals onsite would go a long way toward making the program far more administratable and would make the program once again more attractive for a number of States to administer.

In terms of what we are doing, we are undertaking efforts to pick up responsibilities in those States. We had a close call last week. The State of Pennsylvania at one point turned the program back. They have now agreed to run it this summer but there are serious risks that they will not run it next summer. A Federal agency simply cannot directly administer programs in 20 States, pick up States like New York, California, Pennsylvania, and also run the child care program in 14 States. We cannot do it and cannot do as good a job as the States can.

We have 2,300 permanent full-time employees at national and local level, and we cannot continue to run this agency in a proper fashion if we have to run all those programs.

Chairman **PERKINS**. Your regional offices are taking steps to make sure the programs are operated efficiently and effectively; is that right?

Mr. **GREENSTEIN**. Yes, Mr. Chairman, but in the long run, we believe the statute should be changed to require if these programs are to be run, that States should run them, but that the Federal Government should not increasingly pick up and run them.

Chairman **PERKINS**. Can you update the subcommittee as to what provisions of Public Law 95-627 have been promulgated into regulations and the timeliness as to when they will go into effect?

Mr. **GREENSTEIN**. I will be happy to do that, Mr. Chairman.

[The information follows:]

IMPLEMENTATION—CHILD CARE FOOD PROGRAM

Section 2 of Public Law 95-627 revises the Child Care Food Program and authorizes the Program on a permanent basis. Implementing regulations are now in the final stages of clearance and soon will be published as a proposed rule for a 45 day comment period. The proposal calls for implementation within 120 days after final regulations are issued; however, the basic financial benefits authorized by the statute (the new methods of assigning payment rates) must be implemented on (or retroactive to) October 1, 1979.

Section 10(d)(1) of the statute provides a definition of "children" applicable to the Child Care Food Program. This definition will be incorporated in the implementing regulations for the Program.

Section 10(d)(2) amends the definition of children for the Summer Food Service Program for Children. This change has been reflected in the 1979 final regulations.

Section 10 (b) and (c) defines school year to mean the annual period from July 1 through June 30: Same as present regulations—Required no change.

Section 4 changes the differential between free and reduced price lunch rate of reimbursement from 10 cents to 20 cents except in those States which have established a uniform charge in all schools of less than 20 cents: Final regulations implementing this provision were issued January 5, 1979.

Section 5(b) changes the index on which the commodity assistance rate is adjusted to use the "Price Index for Food Used in Schools and Institutions."

Section 5 (c) and (d) will index the changes in rates of reimbursements for lunches and breakfasts to the "Consumer Price Index for all Urban Consumers."

Section 8(l) bases the Income Poverty Guidelines for determining eligibility for free and reduced price meals on the non-farm poverty guidelines prescribed by OMB: Will be reflected in new rates and guidelines effective July 1, 1979.

Section 5(a) changes the index on which the reimbursement rate for milk in the Special Milk Program is adjusted to use the "Producers Price for Fresh Processed Milk" as well as to allow schools the option of providing free milk to needy children.

Section 6(b) increases the authorization for the Food Service Equipment Assistance Program and revises the formula for the allocation of reserved funds.

Section 6(c) defines "especially needy standards" for the breakfast program to include schools in which the service of a breakfast is required pursuant to State law and those schools in which over 40 percent of the lunches served in the most recent preceding school year were free or at a reduced price.

Section 7(a)(1)(2)(3) provides funds for State administrative expenses. These providions are non-discretionary and revise Part 235. The provisions are as follows:

(1) Is the authority for appropriation;

(2) Establishes formula for lunch, breakfast, milk, and food service equipment assistance administration; and

(3) Establishes formula for child care.

Section 7(a)(6) provides for the use of funds for State administrative expenses by the Regional Offices in the administration of the programs for private schools and institutions.

Section (8)(2) establishes eligibility for free meals at 125 percent of the income poverty guideline.

Section 10(a)(2) provides for a Fraud Statement.

Section 10(d) defines child and children to include mentally or physically handicapped persons attending schools and institutions regardless of age: Regulatory amendments implementing all these provisions are in the final clearance stage.

Section 6(a) provides for the elimination of the requirements on the allocation of costs between the lunch and breakfast programs.

Section 7(a)(5) is a new paragraph providing transfer authority of up to 10 percent of the amounts authorized for State administrative expenses between programs: These provisions are discretionary and require public participation in the development of regulations. The provisions are presently under discussion with State agency directors.

Section 10(a)(1) allows for increased rates of reimbursement for outlying areas to reflect the differences between the costs of providing meals in those areas and the cost of providing meals in all other States: This provision is presently under study.

Section 7(a)(4) provides for the Secretary to allocate SAE funds remaining after allocations based on the formulae to States for management improvement: Proposed regulations implementing these provisions are presently clearing the agency.

Chairman PERKINS. Mr. Erdahl.

Mr. ERDAHL. No questions.

Chairman PERKINS. Mr. Hinson, any questions?

Mr. HINSON. No questions.

Chairman PERKINS. Mr. Goodling.

Mr. GOODLING. No questions.

Chairman PERKINS. Let me thank you, gentlemen, for your appearance here this morning. You have been most helpful. The subcommittee will soon take action. Thank you very much.

Mr. GREENSTEIN. I would like to leave for the record the audit report and testimony before the Senate Appropriations Committee of the Inspector General of the Department.

Chairman PERKINS. Without objection.

[The information follows:]

STATEMENT OF THOMAS F. MCBRIDE, INSPECTOR GENERAL, DEPARTMENT OF AGRICULTURE, BEFORE SENATE APPROPRIATIONS SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES

Mr. Chairman and members of the Committee, I appreciate the opportunity to appear before you today. I have been asked to assess some of the major programs in the Department of Agriculture. My statement will touch on seven program areas. Since the statement does not cover all of the Department's programs, I will be happy to respond to any specific questions. I should also mention that our semiannual report, required by the Inspector General Act of 1978, will be sent to Congress in about a month and a report, required by the U.S. Grain Standards Act, as amended, on grain inspection in this country will be sent to Congress on May 20.

DOMESTIC FOOD ASSISTANCE PROGRAMS

The Department has requested over $11 billion, on a program level basis, for the operation of the domestic food assistance programs in fiscal year 1980. Because of the magnitude of the Federal expenditures in this area, the number and complexity of the programs, and the persistence of substantial problems we devote more of our staff resources to the Food and Nutrition Service programs than to those of any other agency—over twice the amount for the Farmers Home Administration, the next ranking agency.

Food stamp program

The Food Stamp Program is the largest of the Department's food assistance programs. In fiscal year 1978, $8.3 billion in food stamps were issued to about 5.1 million participating households. Of the $8.3 billion, about $5.2 billion represented "bonus" food stamps. The other $3.1 billion represented food stamps purchased by recipients. The Food Stamp Act of 1977 eliminated the cash purchase requirement for food stamps. It also made substantial changes in the way eligibility is determined in order to simplify administration and concentrate assistance on the persons most in need. The purchase requirement was eliminated January 1, 1979. Between March 1 and June 30, the States are required to recertify all new and current participants under the new eligibility rules.

Monitoring the implementation of the new legislation is the number one priority of our office. We are trying to determine problems in the States and local projects as they arise and recommend action to the Food and Nutrition Service. We are especially concerned with whether the States will be able to accomplish conversion correctly and on time; whether administrative fraud hearings will be used effectively by the States; and whether elimination of the purchase requirement will have an effect on food stamp trafficking.

While it is still too early to make an overall assessment of the new legislation, there is one area that is becoming a matter of concern—evidence of increased food stamp trafficking.

In many parts of the country, Authorization to Participate (ATP) cards are issued through the mail. The household turns the ATP card in for food stamps at a redemption center. Since many States and local projects do not reconcile issued and redeemed ATP cards as quickly as regulations require, we have always had some trouble dealing with mail theft or households reporting their ATP cards as lost in order to have a new card issued, then redeeming both cards. The elimination of the purchase requirement has a potential for exacerbating this problem since the thief or household would not have to come up with any cash to redeem the ATP card.

In at least one large city, the number of ATP cards reported lost or stolen has increased more rapidly than the number of food stamp recipients since the elimination of the purchase requirement. At the same time, the number of ATP cards returned each month because of death, change of address, etc., has declined. In several large cities we are are trying to determine whether this is a national problem or confined to a handful of metropolitan areas. In those areas where we already have evidence of a problem we have investigators on the scene.

A similar problem is that elimination of the purchase requirement has made the direct mailing of food stamps themselves an attractive option. At least one city that has gone to this means of issuance is experiencing a rapid increase in mail theft. We are investigating that situation and also looking at procedures used in other cities where ATP cards or food stamps have been mailed without causing major theft problems.

The most effective remedies to these problems seem to be use of photo I.D. cards, now an optional procedure, close monitoring and security precautions in mailing systems, and alternative issuance systems to mailing which, while more expensive for the government and less convenient for the participant, offer more security.

Although we are concentrating on the immediate problems of implementing some major program changes, we also have a number of longstanding concerns about the Food Stamp Program.

The first is the inadequate verification of recipient eligibility information and the related problem of recipient fraud. This results in ineligible households participating in the program and eligible households receiving too high or too low a level of program benefits.

It is difficult to estimate how much fraud, waste and abuse there is in the program. At one extreme, if only actual fraud convictions are considered, program losses are running less than $8 million per year. At the other extreme, if every error resulting in excessive benefits that was attributable to an individual was considered probable fraud, losses would exceed $400 million per year.

I am not satisfied with so broad a range. While I am not prepared to make a specific estimate of Food Stamp fraud, I would like to point out several indices that suggest we have a problem of significant dimensions. I would also like to say a few words about what might be done to obtain more precise information in the future.

Currently, the Food and Nutrition Service quality control data is the most valuable indicator of fraud, waste and abuse for the Food Stamp Program. This data is collected through a statistical sample of the records of food stamp recipients in each State. A careful review is made to determine whether the information provided by the recipient is accurate and whether it was processed correctly by the caseworker. Unfortunately, the latest quality control data is over a year old. The system was suspended pending issuance of the regulations implementing the new legislation. The quality control data that we have now would indicate errors of approximately $600 million in overissuances and $110 million in underissuances on a yearly basis. In addition, decisions to deny benefits to approximately 300,000 households were invalid. The overissuances represent close to 12 percent of the bonus value of the food stamps issued. Analysis of the errors indicate that 26.5 percent of the overissuance was caused by mistakes made by certifying agencies, while 73.5 percent of the overissuance is attributable to errors made by recipients.

Recipient errors are not categorized by the quality control system. They include such things as minor transpositions of numbers which are probably not fraudulent, failure to report an income change which could be intentional, or due to honest oversight, and stating that another member of the household has no income when in fact, the individual is fully employed. This last example would almost certainly be fraud.

In the past year we have initiated a number of projects involving matching wage data from various State and local sources with the information provided by recipients on their food stamp applications. In every place that we have conducted such matches we have found numerous cases of underreported income which strongly suggests recipient fraud. These are some of the more common situations:

A fully employed recipient reports zero earned income on the initial application and during successive recertification interviews. There may be as many as three or four certifications a year for several years. The person also signs successive work registration forms as required.

An applicant is working on more than one job, reports the income for one of them and conceals the income from the others.

The head of household reports zero income for the spouse on the application and in successive recertifications, although the spouse is fully employed.

The applicant certifies in successive certifications that fully employed adult household members are unemployed. In some cases the adult members have signed successive work registration forms or have been improperly certified as students.

An hourly worker presents one weekly check stub to document income and represents it as normal earnings. Actually, other checks for the month are substantially higher than the one provided and the employer's earnings records show the higher income is normal.

A fully employed applicant claims he or she is unemployed, has no income, is living on borrowed money, and presents signed statements purportedly documenting the loans.

A fully employed applicant receives a salary and supplemental income from commissions or bonuses. The applicant reports only the salary income and conceals the additional income although it is regularly received and varies very little from month to month.

Our projects were designed to illustrate the utility of computer matching of wage and application data as a means of detecting fraud and verifying information supplied by applicant who are not yet certified. Most of our samples were small and some were not picked on a random basis. They were primarily conducted in one geographical area of the country and they concentrate on food stamp households that were already reporting at least one person with earned income. Only one food stamp household in five has earned income. The other households headed by recipients who are aged, blind, disabled, or receiving most of their income from other welfare programs would be less likely to have this sort of abuse. Thus, no national projections can be made for the entire food stamp caseload. However, the fact that we found 10 to 40 percent of the sampled households had unreported or underreported income is an indication that significant local problems do exist.

The General Accounting Office has also looked into the question of the proportion of food stamp overissuances resulting from recipient fraud and misrepresentations. They looked at the classification of cases of overissuances in five local food stamp offices. They found that about 55 percent of the dollar value of all the claims, resulting from the overissuances, established duringh a 30-month period involved suspected recipient fraud. Again, this data cannot be projected nationally. The five offices represented large urban areas including some of the more poorly run programs. As USDA pointed out in responding to the report, claims may not have been established for all overissuances that occurred and the classifications were made by caseworkers whose own performance would look worse if the overissuances were ascribed to administrative rather than recipient error.

While there is ample evidence of significant recipient fraud undetected due to inadequate verification of eligibility information, we realize there is need for more complete data on fraud. We have talked with the Food and Nutrition Service about the development of error prone profiles which would indicate the type of food stamp cases that are likely to have a problem and should be reviewed more carefully by caseworkers. We have also had discussions with the agency about the quality control system that will be used after the conversion to the new eligibility rules is completed. We are also looking into the feasibility of expanding our computer matching projects into a national sample to find out just how pervasive the more blatant forms of income underreporting are.

I have discussed income underreporting at some length because there are several things that can be done through legislation to bring greater integrity to the Food Stamp Program. We have made a number of recommendations to the Food and Nutrition Service and have received excellent cooperation from them in including our ideas in the USDA food stamp legislative proposal now awaiting clearance at the Office of Management and Budget. Our recommendations are:

Require the use of social security numbers on food stamp application forms. This will facilitate computer matching of wage data.

Make social security wage data available for use by State agencies in the verification of eligibility information. Appropriate safeguards would be required to ensure that the information is not misused.

Give the States the option of using the prior month's actual income rather than a forecast of the future months' probable income in determining eligibility and benefits for certain types of households.

These three changes will give food stamp administrators additional tools to accomplish front end verification of recipient wage data.

Every year, this Committee hears testimony about how hard it is to get State prosecutors to take action on food stamp recipient fraud cases. Prosecution is expensive and the loss to the Government in any individual case is usually relatively small compared to other matters awaiting prosecution. I am afraid that the same may be true for the administrative fraud hearings authorized by the new Food Stamp Act. We will not be able to evaluate the effect of administrative fraud hearings for some time, Right now States are devoting substantially all of their resources to implementing the new eligibility rules. Regulations governing the Federal payment of 75 percent of the cost for investigations and prosecutions have not yet been published. Our understanding is that both administrative and judicial fraud cases will be covered by 75 percent funding. If this should prove an effective incentive for State action we may recommend a higher matching rate in the future, perhaps 100 percent. In any event, it is easier to keep cheaters out of the program to begin with than to ferret them out and prosecute them once they are participating. That is why it is imperative that we have an adequate system of income verification.

Another problem that we have expressed concern about is the fact that when a fraud claim is established, nothing is done about it. Two steps could be taken. First we should allow States to keep a portion of fraud claims they recover. This would give them a positive incentive to actively pursue these actions. Second, in most cases a household participating in the program through fraud is totally ineligible because its unreported income or resources exceeds the program limitations. However, in some cases the household is still technically eligible to participate. In these instances the individual committing the fraud is disqualified for three months while the rest of the household continues to participate—a maximum loss of about $150 in benefits. States should be authorized to recoup the value of the overissued food stamps from the household's allotment if it continues to participate. Both of these recommendations require new legislation.

Child nutrition programs

Most of our concern has centered on the National School Lunch, School Breakfast and Summer Feeding Programs. The lunch and breakfast programs are administered by State education agencies. The actual meal service is provided by the local school system which is usually controlled by an independently elected school board. The Summer Feeding Program is designed to feed needy children when school is not in session. On a program level basis, over $3 billion is included in the fiscal year 1980 USDA for all of the Child Nutrition Programs.

Both the National School Lunch and School Breakfast programs have a three tiered system of benefits. A minimum level of Federal cash and commodity assistance per meal is provided for all meals served. Children from families with incomes between 125 percent and 195 percent of the Income Poverty Guidelines pay a reduced price, (10 to 20 cents) for each meal. Children from families with incomes below 125 percent of the guidelines receive their meals free. Our reviews have indicated that the system frequently breaks down at three points.

First, in order to categorize children by family income, it is necessary for the family to submit an application for free or reduced price meals. This form is relatively simple. It asks the household to state its income and any of the special hardship costs, e.g. high medical costs, listed on the form. The form is sent to the school where it is supposed to be reviewed to see if the family qualifies for a free or reduced price meal. No verification of the information is to be undertaken unless the school official has some substantive reason to doubt its validity. The very nature of this application process would lead one to expect a certain amount of recipient fraud since it is so easy to lie on the application form and get away with it. On the other hand, the benefits accure directly to children. While they may free up other family resources, they cannot be easily converted to cash as is the case with food stamps. What we have discovered is that most schools do not wish to play welfare caseworker and look over the applicatons. Both OIG and the Food and Nutrition Service have frequently found 8 to 10 percent of the applications on file in schools are invalid on their face because they are unsigned, have no statement of income, or have an income above the cutoff for the type of meal that the child is receiving. To a lesser extent we have found schools where applications were never sent out on the supposition that everyone in the neighborhood is poor. While there is some anecdotal evidence of some forms being challenged for cause, the general practice seems to be not to verify the data on the form.

Second, for the system to work properly it is necessary for the school to count accurately the meals actually served each day by type of meal—fully paid, reduced price, or free. We frequently find abuse in this area. A common discrepancy is to find that a school with one hundred children certified for free meals claims one hundred free meals every day. What often happens is that on any given day only 90 of the 100 children actually attend school and only eighty of them decide to take their free lunch. The Federal reimbursement for the twenty free meals claimed but not actually serviced free to any child is used reduce the overall cost of the food service program or used as a hidden subsidy for paid meals or ala carte food.

Third, many school districts have inadequate accounting systems for food service. It is sometimes impossible to determine the exact cost of a meal. Where we have been able to determine the cost we have found that school districts have claimed the maximum Federal per meal reimbursement for a free meal even though the actual cost was less. Again, the excess reimbursement is normally used for the food service program, thus indirectly paying for food served to children who are not needy.

As with the Food Stamp Program it is quite difficult to estimate the amount of fraud, waste and abuse in the school food service programs. Three studies have indicated that the number of free meals being claimed for Federal reimbursement is excessive given demographic information about the number of children who could possible be eligible. The first study was done by the Economics, Statistics and Cooperative Service using 1970 census data. The second was done by Mathematica Policy Research under contract to the Food and Nutrition Service. It used data from the Current Populaton Survey. The third study was also done by Mathematica. It used the 1075 Survey of Income and Ecuation. This last study was based on more extensive data than the first two. In addition numerous adjustments were made to take into account any possible biases. Even when the data were analyzed giving the program evrery benefit of the doubt, it still indicated that on a national basis, we are paying for at least 10 percent more free lunches each day than could be justified by the number of eligible children.

We are not in a position to say how much of the problem in the school luncy program is due to individual fraud on the part of families and how much is due to negligent management on the part of school districts. We did undertake a recent experiment to ask families to justify the data on their approved free meal applications. This was done in a city having an excellent reputation for checking applications to ensure that they are valid on their face. We found that about one application in ten was probably invalid but that most of these were actually eligible for reduced price rather than free meals. Our other audit activity over the years clearly indicates that there is a major problem with program administration at the school district level, especially in large metropolitan areas.

In this area, we have been working with the Food and Nutrition Service to expand the detection of program abuse by the direction of some State administrative expense funds into monitoring by the State agencies and auditing by independent State auditors and CPA firms.

We have also been looking at two other areas of school food service. First, a substantial amount of the Federal support for the school lunch program, about $700 million in fiscal year 1980, is provided in the form of donated commodities. After these commodities are given to the State education agencies, substantial amounts of them are turned over to processors who then give the schools a discount on a finished product, e.g. hamburger is turned into patties, flour into rolls, etc. We have found cases where processors have built up excessive inventories of donated commodities or have substituted lower quality food in the final prodict. For example, USDA choice hamburger with 20 percent fat was turned over to a processor. The schools got in return patties made fromimported beef that was 30 percent fat. The Food and Nutrition Service has responded quickly and cooperatively to our findings. They are reviewing their regulations to see if they need to be strengthened, looking into the possibility of directing more child nutrition state administrative expense grants to State commodity distributing agencies and preparing to give more technical assistance to State and local school offices.

WEe are also looking at the impact food service management companies are having on school food service. As may schools go from on site preparation to the use of frozen preplated meals purchased from high volume vendors, it becomes essential that the local authorities exercise adequate management control to ensure that the food served meets USDA meal pattern requirements.

We have had substantial assistance from the Food and Nutrition Service dietitians and nutritionists in conducting this review. There is some preliminary evidence from ongoing audits that local districts are not always getting meals that meet USDA requirements.

Summer feeding program

OIG, the General Accounting Office and the Food and Nutrition Service have all testified to the endemic problems of the Summer Feeding Program. Local program management is often in the hands of ad hoc groups who have no continuing accountability. The predictable result is inadequate planning and supervision, fraudulent bidding and contracting, excess ordering of meals, meals given to adults or taken away from the site, and excessive reimbursement claims.

We think that the best long range solution is to require that the program be run through school systems or other local institutions participating in a year round feeding program. We strongly endorse the Administration's budget and legislative proposal to eliminate large private sponsor/private vendor combinations as a major step in the right direction.

We also think that more extensive use of statistical sampling in monitoring large programs could bring big dividends. To be really effective, it must be used to establish claims not just as a management tool for assessing problems.

I would like to make some general observations about Federal management of the food assistance programs. First, these programs are run through State agencies and local government units. Correcting a problem is not simply a matter of ordering a USDA employee in a county office to change a procedure. Rather, Federal management involves bringing to bear a variety of pressures ranging from jawboning to positive and negative financial incentives. Effective corrective action depends in no small degree on the range of tools at the Department's disposal. More tools are needed.

In the last year we have received excellent cooperation from Assistant Secretary Foreman and Acting Administrator Greenstein in dealing with deficiencies in the food assistance programs. They are strongly committed to a system of management that involves setting standards for State and local program administrators to meet and holding them accountable to those standards. Holding them accountable will require some additional authority to impose sanctions.

In the Food Stamp Program we find that while some States are running good programs, the worst run programs border on the scandalous. Since there is no State matching of benefits as there is for some other welfare programs the States do not have the same investment in assuring good management. Consequently, we often find the most inexperienced or least competent caseworkers assigned to the program. If administrative errors lead to a high level of overissuance of benefits, it is a drain on the Federal not the State treasury. For that reason, we strongly recommend that States be required to pay for the cost of errors in the Food Stamp Program that exceed national standards set by the Food and Nutrition Service.

In the Child Nutrition Programs there is no current authority to withhold State administrative expense funds in cases where the programs are not administered efficiently and effectively. That authority exists for both the Food Stamp and WIC programs. In addition, the Food and Nutrition Service is forced to take over administration of the Child Care and Summer Feeding Programs if a State decides it no longer wants to operate the program. On at least two occassions large States have elected to drop out of the Summer Feeding Program well after the January 1 cutoff date established by the law. Taking over direct program operations spreads the agencies resources thin. It also gives States a powerful weapon to resist taking corrective action on deficiencies since they can always threaten to turn over administration of the programs to USDA.

We strongly endorse the provisions in the Administration's Child Nutrition legislative proposals that would permit the Department to withhold administrative funds from State education agencies that do not meet performance standards. We also think that it is essential that States be required to administer the Child Care and Summer Feeding Programs.

If the Congress will give us these additional tools for managing the Food Stamp and Child Nutrition Programs, we should be able to report some major improvements this time next year.

RURAL DEVELOPMENT PROGRAMS

In this area, we have concentrated on programs administered primarily by the Farmers Home Administration. At the beginning of this fiscal year, the agency was servicing over one million individual and group accounts, with a principal indebtedness of $28.7 billion. The programs are delivered through 42 State offices and almost 1,800 county offices.

At the end of fiscal year 1978, the agency had about 7,600 full-time permanent employees. Most of our audit and investigative findings are closely related to the imbalance between the size and complexity of the agency's programs and the number and training of its staff. Quite frequently we have made recommendations that the agency has concurred with but has not been able to carry out due to staff limitations. Several actions are being taken to try to resolve this problem. First, the agency is hiring certain kinds of specialists, e.g. building inspectors on a "when actually employed" basis. This use of part-time assistance avoids some personnel ceiling limitation problems while giving local offices access to badly needed expertise. Second, at the district level the agency is hiring personnel with training in the skills needed to handle the more complex programs such as Business and Industrial and Rural Rental Housing loans. Finally, the agency's unified management information system may eventually permit more sophisticated analyses of what problems are being experienced and their location.

Rural housing program

Rural housing loans are made to individuals who live in rural areas or in towns of not more than 10,000 population. Loans may also be made to individuals who live in towns of 10,000 to 20,000 population that are not located within standard metropolitan statistical areas. To be eligible, the individuals must have low to moderate income, be unable to secure regular financing. Loans are made to build new homes or to repair or improve dwellings to make them safe and sanitary and to remove health hazards to the families and the community.

During fiscal year 1978 the agency made over one hundred thousand single-family rural housing loans totaling $2.7 billion. Our audits and investigations have indicated a number of problems:

Loans have been approved for houses located in subdivisions with inadequate sewer or water facilities, excess water runoff, or inadequate community services such as fire protection. FmHA instructions clearly define the characteristics that must exist before a subdivision is eligible for loan making.

Construction inspections have not always been made, or when made they have not disclosed defects which lead to borrower dissatisfaction after occupying the dwelling. Borrowers often abandon their residence when construction deficiencies are severe. This has contributed to a rise in the inventory of acquired houses and subsequent loss on disposition. The agency is considering a home owner's warranty program which would require builders to contribute to a pool to cover the repair of construction defects.

Interest credit agreements (approval of a lower interest rate renewable at two-year intervals, for especially low income borrowers) are not adjusted for a borrower whose income increases during the agreement period. Our 1976 audit of a nationwide statistical sample projected excess interest credit of about $20 million due to income changes during the life of the agreements. The figure would probably be higher today since there are more interest credit borrowers, and there is no reason to believe that the payment of excessive subsidies has diminished. We recommend that the excessive subsidy be repaid to the government or at least recouped if the property is later sold at a profit.

One problem which affects all direct loans, but is most prevalent in Rural Housing loans, is the failure to graduate borrowers to commercial institutions when warranted by improved financial status. The benefit of graduation is a savings in interest costs due to reduced borrowing. The Farmers Home Administration has not emphasized graduation due to the work involved and because the agency believes that the financial status of many borrowers who would qualify for graduation would be materially weakened if they were forced to meet commercial terms. We do not agree with this position. It is inequitable, for example, to deny a loan to one applicant whose income is just above the income eligibility level while continuing to lend money to a borrower who now has a greater income than the denied applicant.

Rural rental housing loans

These loans are made to provide moderate cost rental and related facilities in rural areas for elderly persons and persons of low or moderate income. In fiscal year 1978 about 1,500 Rural Rental Housing loans totaling $680 million were disbursed. As of October 30, 1978, there were about 5,000 outstanding Rural Rental Housing loans with outstanding principal totaling $1.5 billion. Our recent audits and investigations have disclosed serious problems with some of these loans. As a result we are expanding our coverage. Some of our findings are:

Borrowers have inflated the value of land or have manipulated cash accounts to avoid actually paying the borrower's share (usually 5 percent) of the cost of a project. One partnership borrower who recently received loans for four projects avoided making a required contribution of $175,000 by such manipulations.

Borrowers who build Rural Rental Housing projects utilizing contracts with themselves or subsidiary companies as the construction contractors have made unreasonable profits. One partnership which received four loans totaling about $1.5 million, made a profit on construction of about $400,000 on these projects. There are possibilities for unreasonable profits through inflated architectural fees, subcontractor costs, and building material costs. There is no specific percent of profit cited by program regulations, but the guidance to keep the resulting rental costs at a reasonable level does say the profit margin should be comparable with that for similar projects.

Borrowers who manage the projects after construction have charged larger management fees than those charged by private management companies for similar services to similar-size rental projects.

Tenants are encouraged by the borrower or his representative, to understate their incomes to qualify for a lower rent. The borrower is able to obtain and keep more tenants while at the same time receiving full market rental rates through subsidized interest credits from the agency.

Borrowers who do not actually screen tenants and consequently have occupants whose income surpasses the maximum allowable. While this does not give the borrower any excessive profits, it does harm the program because it allows ineligible tenants to occupy housing which was specifically funded for needy clients.

DISASTER PROGRAMS

Both the Farmers Home Administration and the Agricultural Stabilization and Conservation Service have disaster programs for farmers. Other Federal agencies such as the Small Business Administration and the Bureau of Reclamation also get involved in specific disaster situations.

In many of the disaster programs that we have reviewed, three problems are often present. First, since overlapping programs within and between Federal departments are available, farmers often apply for multiple benefits. However, when one application is accepted, the others are not always withdrawn. Agencies do not share information on applicants and loans granted or reach agreement on who will handle what type of problem. Second, in any disaster there is, understandably, strong pressure on the agency to get money out fast to the victims. This often results in a failure to manage programs properly. For example there is often no verification of losses. Although specific disasters are unpredictable, there will be some disasters almost every year. Better contingency planning in advance could be far more effective than the ad hoc management we often see at the time of urgency. Finally, once a disaster program goes into operation, there is seldom any meaningful evaluation of the need for continued assistance once the initial crisis stage is passed.

Here are some examples of our recent findings:

We found that the payment rates established by the Agricultural Stabilization and Conservation Service for the 1977 Hay Transportation Program allowed farmers and truckers to realize excess profits and permitted some hay dealers and farmers to easily falsify shipping records to reap even higher profits; the latter finding resulted in a number of indictments.

In 1978 we found that the Agricultural Stabilization and Conservation Service's Drought and Flood Conservation Program was not discontinued in areas where improved crop and moisture conditions alleviated drought problems. Further, many of the conservation practices for which program funds were expended provided minimal relief from the immediate drought problems.

We have recently obtained access to the Bureau of Reclamation's records of payments resulting from the Teton Dam disaster. We found that many farmers received payments from both the Bureau and the Agricultural Stabilization and Conservation Service through its Emergency Conservation Measures Program. While there is nothing intrinsically wrong in this particular situation with receiving funds from both agencies, we have found that some claims for losses in the USDA cost sharing program were overstated. This may have allowed our 80 percent payment to cover the entire loss. When it became known that the Bureau of Reclamation had a program to recompensate for full losses, some participants in the 80 percent USDA program picked up the remaining 20 percent of their loss from Interior. Where the initial claim had been inflated to 100 percent to begin with, a farmer could have received 120 percent compensation. Several suspected cases are under investigation. This points up the need for close coordination between the various Departments involved in disaster relief.

We have found that questionable Farmers Home Administration Emergency Loans bearing three percent interest have been made. Applicants have overstated the acreage affected and the yield from the affected crops is understated. Further, assistance from other disaster assistance programs or payments from crop insurance is not taken into account.

We are currently conducting a joint review with the Small Business Administration's Inspector General of potential duplicate claims at subsidized interest rates provided by the Farmers Home Administration and SBA. Computer tape matches have targeted a large number of individuals who have received loans from both agencies. The next step will be to see if benefits were duplicated.

In general, we have found both the Agricultural Stabilization and Conservation Service and the Farmers Home Administration to be cooperative in acting on individual problems disclosed by our audits or investigations. In the future we hope to do more with both agencies in the area of early evaluation of disaster program administration. We will also be working with Inspectors General from other Departments to help assure that these disaster programs are closely coordinated.

PRICE STABILIZATION PROGRAMS

The Department of Agriculture administers a number of price stabilization programs which have been developed in an effort to smooth out radical fluctuations in the prices of agricultural commodities. These programs include direct payments to farmers, commodity loans, and the direct purchase of some commodities by the Federal government as a means of supporting prices. They are administered through over 3,000 county committees and 50 State committees of the Agricultural Stabilization and Conservation Service. At the end of fiscal year 1978 over $4 billion in commodity loans were outstanding. During fiscal year 1978 over $1.4 billion in deficiency payments to farmers were made.

Normal crop acreage

If the set-aside and deficiency payment system is to work, it is necessary that a "normal crop acreage" be established for each participating farm so that decisions can be made in formulating a program for each eligible crop.

Reviews by OIG have indicated that in some cases the normal crop acreage was greater than the acreage an individual farmer had ever devoted to the covered crops in any one year. This occurred because the highest acreage for each crop over a three-year period wa used to make the determination. In this way a farm operator could meet set-aside requirements while maintaining normal production. The agency has responded to our audit by providing more specific guidance to the State and county offices on the procedures they should employ in determining normal crop acreage. As a result, normal crop acreage has been reduced by almost 1½ million acres in fifteen States.

Sugar program

The Department operated both a price support payment program and later a price support loan program for the 1977 sugar crop.

Our most important finding to date is that $58.5 million in loans was made on sugar which apparently was from the 1976 crop and thus ineligible for the 1977 loan program. We estimate that the Commodity Credit Corporation incurred interest losses of over $272,000 through June 30, 1978 on these loans. We have referred a number of issues raised by this audit to the General Counsel for legal determination and are continuing our audit of this program.

Loan and price support activities

Recent favorable crop conditions have resulted in a resurgence of heavy loan activity following a four-year lull and placed a strain on the agency's resources. Office staffs have been hastily expanded and new program features such as deficiency payments and extension of loans under the Grain Reserve Program have compounded administrative problems. If government-held commodities continue to mount, we anticipate finding many of the same storage, processing, transportation and disposal problems that USDA experienced several years ago. Indeed, some have already appeared.

In the case of farm-stored grain, we are beginning to find cases of missing loan collateral. Frequently this involves grain fed to livestock during the winter and spring months. There are also problems with improperly stored commodities going out of condition. The Agricultural Stabilization and Conservation Service is now in the process of checking all farm-stored loan collateral not inspected since July 1, 1978. We have also noted instances where lien waivers were not requested when commodities used to secure commercial loans were later pledged as collateral to the Commodity Credit Corporation.

Disposition of Government-held stocks

Once large quantities of commodities are taken into government ownership, inventory management, transportation and sales activities begin to involve multimillion dollar decisions that affect the commodity markets. These decisions affect the taxpayer as well since any losses due to spoilage or bargain sales are made up with appropriated funds used to reimburse the Commodity Credit Corporation for net realized losses. While there are no new "Russian grain deals" to report, we have questioned some judgment calls in sales of peanut oil and nonfat dry milk. We are currently looking into some recent sales of rice and butter. We are pleased to note that a study of USDA dairy programs is now being conducted within the Office of the Secretary. One goal of the study is to develop an effective analytical framework for making decisions about the sale of government-held nonfat dry milk, butter and cheese.

INTERNATIONAL PROGRAMS

While the Department has a variety on international programs, the one which in recent years has caused my office the most concern has been the Public Law 480, Food for Peace Program. This program, under the Office of General Sales Manager, provides for long-term, low-interest financing and donation of agricultural commodities to developing and under-developed countries in order to assist them in their economic development, expand their export markets, provide humanitarian relief and combat malnutrition. In 1978 sales under this program resulted in shipments of about 4.3 million metric tons of commodities valued at $736 million. The donation program resulted in shipments of approximately 1.5 million metric tons valued at $337 million. The Department also paid ocean freight for both programs at a combined cost of $224 million.

Our major concern with the program is its vulnerability to fraud and abuse and our inability to enforce the program provisions. The large dollar level of the program offers opportunities for substantial profits to commodity suppliers, ocean carriers, brokers, and agents. The legislation and regulations specifically prohibit fees and commissions related to commodities sold or donated under the program. Although certifications of compliance are required, our office is constantly confronted with allegations and rumors and asked to investigate the integrity of various commodity sales. While we have conducted numerous investigations, our efforts to uncover instances of fraud have generally been hindered by the multi-national nature of the activities and our limited access to relevant records. Thus, my concerns are not necessarily with program requirements but with enforcement capabilities.

For example, the program legislation prohibits the payment of commissions to selling agents for food commodity sales. Regulations have been issued prohibiting shipping or purchasing agents or any of their affiliates to act as ship's broker, shipper, commodity supplier, or selling agent in connection with any commodity sale. However, since selling agent commissions are a normal business practice for commercial sales and since commercial sales records are not available to OIG, it would be relatively easy to include prohibited P. L. 480 sales commissions or even bribery payments to foreign officials in commercial accounts. They could also be included in the general price of the commodity that is financed by USDA. We have been limited in our ability to determine whether shipping or purchasing agents are complying with the conflict of interest provisions prohibiting them or any of their affiliates from acting as ship broker, ocean transportation supplier, commodity supplier, or selling agent in connection with any commodity sales. Current regulations require a certification that the agent or affiliates will act in accord with program provisions. They do not require the identification of affiliates or their activities. If this were required we would have a much better feel for the potential for program abuse. For example, we found that one prominent shipping agent directs, controls or is involved with at least six other companies incorporated in several countries. The companies are involved in activities such as supplying ocean transportation which if connected with Public Law 480 sales would be cause for the agent's termination.

The program regulations also require certifications that no payments or other benefits can be made in connection with agent's selection by a participant country. The Department and my office regularly receive allegations of program improprieties including participant selection being influenced by kickbacks and possible manipulation of freight rates to the detriment of the participant country. Effective investigation of such allegations is difficult under any circumstances, but the multinational aspect of such activities including the limited access to foreign records results in such investigations being generally unproductive.

In March 1978, I established a Foreign Operations Staff within the Office of Inspector General which consolidated audit and investigative units assigned to foreign programs. This was done in order to address more adequately the complex and sensitive foreign program areas and some of the issues I have mentioned. Some of our more recent audits and investigations have identified the following issues:

Questionable agency determinations in approving contractors' requests for extension of commodity delivery periods under the Public Law 480 Food for Peace programs. This resulted in substantial monetary benefits to exporters or suppliers.

Insufficient auditing of vouchers by the Agency for International Development for the payment of ocean freight under the Public Law 480 Donation Program.

Insufficient Department involvement in the negotiation of freight rates with U.S. flag carriers including booking freight on behalf of the recipient country. Our concern is that private agents who receive a commission based on the percentage of the freight costs might not seek the lowest possible rates.

I believe our efforts to assure compliance with the law and related regulations could be strengthened without creating undue road blocks to export activities by the following actions:

We need legislation which will provide access for OIG to commercial or foreign records of businesses or countries involved with the Public Law 480 Program. Generally, our current authorities are limited to only supplier or agent records pertaining directly to Public Law 480 transactions. If we are to assure compliance with the regulations and provisions cited previously, we need access to all records which could reflect questionable activities.

In the agreements which we have with foreign countries for commodity sales, we should include provisions for access to records related to commodity purchases and agent selection. We should also have provisions for mutual cooperation between our audit and investigative personnel and those of the foreign country.

We should require that purchasing or shipping agents involved with the Public Law 480 program identify all affiliate companies and their specific interest in those companies.

Current activities of my office include audit and investigative surveys of supplier records to determine compliance with program regulations prohibiting Public Law 480 sales commissions, assessment of the handling of foreign commodity complaints, evaluation of ocean transportation activities, and a survey of commodity sales allocation procedures. As with other problem areas in the Department, we have worked closely with the program managers to resolve long standing issues. Recently we created an audit review committee for the Office of the General Sales Manager to begin to work together on getting corrective action on some of these problems.

CONSERVATION PROGRAMS

Another area that we have given attention to includes the conservation programs administered by the Agricultural Stabilization and Conservation Service and the

Soil Conservation Service. Although funding is provided through a variety of cost sharing programs, our audits and investigations have not uncovered widespread problems of fraud or abuse. Rather, our concerns have focused on issues of economy and efficiency. Some projects may not be needed at all. Others produce a short term benefit while long range considerations are not addressed.

Watershed and flood prevention projects

In the past two years, we have questioned the validity of the benefit/cost ratio used to justify projects having close to a one to one ratio. In many cases recreational benefits are a large proportion of the total. These benefits are difficult to estimate and tend to be overstated. Our reviews have caused several projects in the planning stage in two States to be cancelled, one dam structure to be cancelled, and a new justification to be prepared for a second structure.

Because of our work and some General Accounting Office reports on this subject, the Water Resources Council has formed an interagency task group to issue guidance and establish criteria that will ensure that benefit computations are made on a uniform and consistent basis in all Federal agencies.

Agriculture conservation program

Our audits have indicated that the 1978 Agriculture Conservation Program was not fully redirected toward practices with long lasting conservation benefits in accordance with Administration policy. The most popular practices funded were those with short term benefits such as the establishment of annual cover crops. The longer term practices that were funded tended to be production rather than conservation oriented, such as the establishment or improvement of permanent grass covers.

We found that the Agricultural Stabilization and Conservation Service's information system was not capable of monitoring on a time basis the practices actually being approved and funded. This made it difficult to accomplish redirection during 1978 and hampered planning for the 1979 program. The 1979 Appropriation Act did not include the usual language which has allowed county committees to approve any practice that was eligible for cost sharing in 1970. This should strengthen the National Office's ability to move the program away from short term, production oriented practices.

DEPARTMENTAL ADMINISTRATION

Finally, I would like to make a few comments on the overall administration within the Department. While the bulk of our efforts are concerned with program operations we have also devoted considerable attention to the administrative systems and processes within the Department. While our audits have generally found sound administrative practices, some areas have required corrective action. For example, in the wake of the GSA scandals we established a task force which undertook an assessment of the vulnerability of the various USDA procurement systems to the types of fraud and abuse reported in GSA. To date the task force has reviewed only small purchases—purchases that do not require formal contracts—and has found a number of instances where there is an absence of appropriate controls. Some of our findings were that:

The controls and procedures at one of the Department's central warehouses were such that it was relatively easy for unauthorized persons to obtain blank purchase orders/invoices/voucher forms.

The Department's agencies were not receiving sufficient information from the National Finance Center to detect abuses in the purchase order/invoice/voucher payment system.

The procedures in the Department's central supply store enabled the same person to negotiate the agreement with the vendor, place the order, and receive the property. Controls at the central store also enabled unauthorized persons to obtain supplies. Further since the agencies receive no individual accounting from the store, there would be no way to detect unauthorized purchases.

Disbursements were made from the Department's Imprest Fund without requiring the identity of the payee. Members of the task force team using a fictitious name were easily able to obtain money.

In all of these instances I am pleased to report that the Department moved quickly to take corrective action.

Although the task force team was primarily concerned with small purchases were are also concerned with the management of USDA contracts. Our general observation has been that effective monitoring of the contracting process has not been achieved. In 1977 we reviewed 315 contracts awarded by four agencies at 23 different locations. Of those reviewed, 213 were found to have some problem in either processing, awarding, or general contract administration. Problems ranged from failure to provide for maximum competition among qualified sources to contracting offices not obtaining adequate information from users, contractors, agency engineers, and contract auditors when evaluating bids and price proposals. We are expanding our general audit coverage of contracts including working with the agencies prior to the actual award of the contract to diminish the potential for fraud, abuse and waste.

Another concern that we have had has been the management of overtime within the Department. Acting on a Forest Service referral we found that several employees had been manipulating time and attendance reports to receive unearned overtime. To date six employees have been convicted. In addition to the Forest Service we are also reviewing other agencies within the Department which account for large amounts of employee overtime. An audit/investigation of the Animal and Plant Health Inspection Service Plant Protection and Quarantine inspectors has found numerous instances of potential overtime abuse. We have made a number of suggestions to management which we believe would minimize the problem. These include:

Staggering tours of duty so that inspectors will be available at regular pay during the 12 hours of each day when inspections are most prevalent. This change could reduce paid overtime by an estimated 10 percent. In 1980 alone, APHIS has budgeted $8.5 million for overtime.

The assignment of multiple jobs to an inspector who is on overtime, rather than giving one job to each inspector.

The Department's National Finance Center should provide better information on overtime to program managers so they can manage it better and discover potential abuses.

In addition to the overtime abuse just discussed, we are very sensitive to a number of other issues involving employee integrity. Many USDA employees are required to make decisions that have a substantial economic consequence. the possibility of bribery, favoritism, or other improper conduct is always present.

In the wake of the grain inspection scandals the Congress passed the U.S. Grain Standards Act to strengthen the weighing and inspection of grain. We are monitoring the implementation of that Act by the Federal Grain Inspection Service. As mentioned earlier, we are also conducting a study of grain inspection and weighing at interior locations. The results of our study will be reported to Congress in May 1979.

There have been several recent cases where State or county committee members have obtained preferential treatment or benefits in Agricultural Stabilization and Conservation Service programs. Our reviews in five States have disclosed instances of cost misrepresentation for facility loans, improper farm reconstitutions, excessive disaster payments, and improper long distance telephone usage, travel claims and salary payments. Most committee members are quite scrupulous about their business dealings but in any given year we will find several instances of abuse and loose controls in Agricultural Stabilization and Conservation Service, Farmers Home Administration and Soil Conservation Service county organizations.

Every year there are cases of meat inspectors taking bribes and receiving favors from packers and precessors. In 1978 there were 7 indictments of Federal meat inspectors. Our evaluation of overtime paid to inspectors (overtime is paid by the packer or processor) includes a special project to see if overtime is being used as a payoff mechanism. The Food Safety and Quality Service has a compliance organization which also works in the meat inspection area. We have had good cooperation with them. We are supporting their plan to establish a similar compliance staff for the grading programs and are working closely with them in the general area of reviewing systems that will help to assure employee integrity.

In 1978 we conducted an audit/investigative review of the security and control exercised at the Department's Washington Computer Center. The review found instances of unauthorized access to computer files by persons using remote terminals. One of the files was a payment system which disburses $83 million annually. Security and other file systems were copied by employees. Finally, the computer was being used for various personal matters. Although our review disclosed no actual dollar losses the potential for abuse was high. Effective corrective action has been initiated to strengthen the existing security requirements. We plan to follow up on this audit by conducting similar reviews at all of the Department's computer centers in 1979 and 1980.

This committee has expressed considerable interest in the past about the possibility of colocating USDA field offices. the Secretary commissioned a task force in March 1978 to develop a colocation policy.

The task force found that the main resistence to colocation, as defined under the previous "Service Center" concept, was mandated administrative practices such as central telephones and receptionist, open office layout, and sharing of work. The task force also found that of the 11,992 individual agency county offices which are located at only 3,370 sites, 21 percent are completely colocated (same building) while another 40 percent have the offices of Agricultural Stabilization and Conservation Service, Farmers Home Administration, Federal Crop Insurance corporation and soil conservation Service colocated.

A 1976 OIG study found that only 12 of 42 Service Centers reviewed, met the minimum requirements as defined by the Department. Minimum requirements frequently not met were common entrance and receptionist, open and common work space, and sharing of personnel between agencies.

The Secretary's task force found that colocation efforts started under the Service Center concept were still in process. As a result of task force recommendations the Secretary issued a memorandum last January establishing a National Administrative Committee to oversee colocation efforts. The Committee has established a service policy which identifies responsibility for shared functions. A reporting system has been developed to monitor progress and identify areas with a good colocation potential. This will be an integral part of the Department's Property Management Information System.

Chairman **Perkins**. The committee will now adjourn.

[Whereupon, at 10:45 a.m., the committee adjourned, to reconvene upon the call of the Chair.]

OVERSIGHT HEARINGS ON THE CHILD NUTRITION PROGRAMS

Competitive Foods Regulations

THURSDAY, JULY 12, 1979

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Kildee, Kogovsek, Miller, Erdahl, and Goodling.

Staff present: John F. Jennings, counsel; Marian Wyman, special assistant to the chairman; Beatrice Clay, staff assistant; Richard DiEugenio, minority legislative associate; Mary Jane Fiske, assistant director, research and oversight.

Chairman Perkins. Today the Subcommittee on Elementary, Secondary, and Vocational Education is conducting a hearing on the Federal regulations implementing section 10 of the Child Nutrition Act of 1966. We amended this section back in 1977 by giving the Secretary of Agriculture the authority to regulate what competitive foods can be sold in schools participating in the school lunch and breakfast programs. The Department has just recently come out with the proposed regulations implementing this provision and we are here to look at these regulations today.

We are very fortunate to have with us Ms. Carol Tucker Foreman representing the Department. We are also pleased to have Ms. Peg McConnell speaking on behalf of the National School Food Action Committee. We are looking forward to both of your statements.

I would like, however, to take this opportunity to make a few comments before Ms. Foreman begins her statement. We all know it is a hard road ahead. It is a fact that the cost of living is spiraling beyond everyone's means. In light of this, we must be steadfast in our support of those programs that benefit the Nation as a whole.

To my way of thinking, the child nutrition programs are representative of our best efforts in this regard. The fact that we now have close to 27 million children receiving school lunches is a great responsibility.

For this reason alone, the nutritional integrity of these feeding programs should be a No. 1 priority. I would like all of us to keep this responsibility in mind as we review these regulations today.

These feeding programs play a very significant role in the mental and physical development of our schoolchildren. For this reason I feel that it is up to all of us to see to it that they receive the best of what we can give them.

Our first witness is a lady well known to all of us, Ms. Carol Tucker Foreman, Assistant Secretary for Food and Consumer Services, U.S. Department of Agriculture.

Ms. **Foreman**. Thank you very much.

Chairman **Perkins**. Without objection, all the prepared statements will be inserted in the record. Go ahead.

[The prepared statement of Carol Foreman follows:]

PREPARED STATEMENT OF CAROL TUCKER FOREMAN, ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE

Mr. Chairman and members of the subcommittee, I am pleased to be here today to discuss with you the Department of Agriculture's efforts to implement the competitive foods amendment to the Child Nutrition Act of 1966.

Congress enacted the amendment in 1977. As you know, the amendment restores to the Secretary of Agriculture authority to regulate the sale of foods which compete with federally-subsidized school lunch and breakfast programs.

Ninety percent of the nation's schools participate in these federally-assisted child nutrition programs. These programs establish various minimum standards to provide essential nutrients for more than 25 million of the nation's school children.

These standards, such as the familiar Type A lunch pattern, are the minimum conditions necessary to receive federal funds. The standards are purposefully basic and local officials are free to adapt them to the needs of local communities. The Department encourages them to do so.

The standards, while minimal, are designed to ensure that the annual 3 billion dollar investment of the taxpayers' money in child nutrition programs is used to promote both the understanding and practice of sound nutrition and to contribute to the well-being of our children.

Last week, the Department published in the Federal Register a proposed rule to establish a nutritional standard for food sold in competition with those programs. The standard would identify foods of minimal nutritional value. The proposed rule would limit the sale of such foods to the time after the last lunch period of the day.

A competitive food is defined as any food sold in competition with federally-subsidized meals in schools which participate in the National School Lunch or Breakfast Programs.

Competitive foods may be available from a variety of sources: alternate or a la carte lunch lines, vending machines, or school snack counters. They also reflect a variety of nutritional values because the competitive foods sold in schools include such items as soups, sandwiches, and fruits, as well as traditional snack items like candies, chips, and soda pop.

I want to emphasize that our proposal deals only with those competitive foods which have been identified as having minimal nutritional value.

Nowhere does our proposal suggest that even these foods should never or nowhere be eaten by students. We merely limit their sale during certain hours of the school day, in order to preserve the nutritional integrity of federally-subsidized school meals.

We are hopeful that the limitation placed on minimally nutritious foods will result in an expansion in the selection of more nutritious foods such as fruits, vegetables, and fruit juices at school snack counters and a la carte lines, and in vending machines.

HISTORY OF COMPETITIVE FOOD REGULATION

As I'm sure you know, the competitive foods issue came to the attention of this committee twice before enactment of the 1977 amendment. That amendment restored competitive foods regulatory authority to the Secretary of Agriculture.

The Secretary was first granted that authority in a 1970 amendment to the Child Nutrition Act. Regulations implementing that amendment allowed the competitive sale of only those foods which either met a Type A lunch pattern requirement, or were served along with the Type A lunch.

The result of this rule was that only soft drinks and candies, which were rarely served with school meals, were disallowed.

While the impact of the 1970 rule was clearly limited, it still aroused some controversy and there were individuals and groups who advocated the transfer of the Secretary's regulatory authority to State and local educational agencies.

The 1972 amendment effected that transfer. The various jurisdictions developed competitive food rules that varied widely, and in some places were non-existent.

By 1977, increased concern about the quality of children's diets led to growing dissatisfaction with the limited results of the 1972 amendment. Nutritionists, parents, school administrators, and others urged legislation to restore regulatory authority to the Secretary of Agriculture.

THE 1977 AMENDMENT

The 1977 amendment was originally introduced by former Senator Clifford Case of New Jersey. The conference report accompanying the final legislation made clear that the Secretary was empowered to regulate "only those foods that do not make a positive nutritional contribution in terms of their overall impact on children's diets and dietary habits."

In your own words, Mr. Chairman, "The conference committee dealt with two provisions, the competitive foods amendment and the nutrition education amendment, in a manner that is thoroughly consistent. One provision tends to be reinforcing the other. Both provisions are designed to upgrade children's dietary habits and food intakes."

Former Congressman and now Governor of Minnesota Albert Quie, author of the earlier amendment making regulation a State and/or local matter, wound up as a supporter of the 1977 amendment. He pointed out during the floor debate that the amendment provides for "a limited power to be used sparingly to encourage the sound nutrition and nutritional habits of school children."

Mr. Chairman, our proposal is an attempt to respond to the intent of Congress, to the expressed spirit of Public Law 95-166 as well as its letter.

We believe the standard we have proposed makes possible an objective assessment of the nutritional value of different foods. It targets foods of the least value.

Let me outline for you, if I may, how we developed this approach. It was a long process, but we believe the end result provided us with a surprisingly simple solution to complex nutritional problems.

During consideration of the 1977 amendment, Senator George McGovern, Chairman of the Nutrition Subcommittee of the Committee on Agriculture, Nutrition, and Forestry, stated: "The Secretary would have the authority . . . to regulate the sale of foods of limited nutritional value. The general category of foods that have limited nutritional value include gum, candy, pop, and foods that, even though they may be fortified with vitamins, are too high in sugar and caloric content to be wholesome."

On April 25, 1978, the Department published a proposed rule which would have restricted the sale of four categories of competitive foods—candy, soda water, frozen desserts, and chewing gum—until after the last school lunch period.

The proposal stated that these categories were selected because the foods "(did) not make a positive nutritional contribution, in terms of their overall impact on children's diets, dietary habits, and appetites."

The proposal did not, however, directly address why these foods did not do these things.

That lack was repeatedly pointed out in several of the more than 2,100 public comments we received on the proposal. While the overwhelming majority of the commentors supported our proposal or a stricter one, there were questions about the adequacy of the nutritional criteria or standards used to select these four food categories.

Other commentors criticized as arbitrary our decision to regulate only foods in the four cited categories, while allowing nutritionally similar foods to be sold.

These were substantial issues, and the Department believed they merited further study. We also decided that additional public participation in the rulemaking process would be beneficial.

Therefore, on December 15, 1978, we withdrew the April proposal and announced a series of three public meetings to give the public additional opportunities to assist us in writing a new proposal.

The meetings were held in Nashville, Detroit, and Seattle, in January and February of this year. Attendance by parents, school officials, students, business and industry representatives, nutritionists, and other concerned citizens, indicated considerable continuing interest in competitive food issues.

DEVELOPMENT OF THE JULY 6 PROPOSAL

In developing our second proposal, we not only solicited and reviewed additional public comments, we explored and reviewed many other sources of information.

During the course of the public meetings and the comment period, we heard from 449 school officials, teachers, and school food service personnel. More than 87 percent of them, or 394, either supported a proposal similar to the one we made in 1978, wanted the proposal expanded, or protested its withdrawal.

Nutritionists in the department reviewed current studies and publications dealing with associations between diet and disease. They reviewed similar research and available information on children's food consumption habits and their nutritional status.

Our research indicates that while snacks contribute more total calories to children's diets than any other single factor, they contribute far less to nutrient levels than meals do.

Studies also show that snack calories come mainly from fat and sucrose, or sugar.

The health risks raised by this kind of consumption pattern include, but are not limited to, obesity, dental cavities, and increased risk of heart disease later in life.

In light of these findings, we concluded that public concern about the nutritional quality of children's diets is indeed not unwarranted.

This concern had been emphasized earlier by Senator Robert Dole, who suggested "there is a need to reassess the priorities and take a close look at preventive health care measures which can be taken in the child feeding programs. I am suggesting we do have a need to at least try to make our children understand the necessity for eating balanced, nutritious meals."

Senator Dole called the 1977 amendment "a positive venture. It is for ensuring the sale of foods that support and enhance the nutritional quality of school meals."

Our task, in order to properly implement the 1977 legislation, was to assess the relative nutritional value of competitive foods. It is a task never before attempted by the Department.

The first step was to examine food composition. We found that complete food composition information is simply not available for all foods. And frequently, where data is available, foods are identified generically rather than by brand name.

We reviewed various methods of analyzing foods, and concluded that nutrient density analysis would be a most useful tool for evaluating the relative nutritional value of different foods. Nutrient density analysis measures a food's nutrient content in relation to its energy or caloric value.

We convened a meeting of USDA nutritionists and nutrition experts from universities and industry who are particularly knowledgeable in nutrient density analysis. They made general recommendations about the possible use of a nutrient density standard in a competitive foods rule. They also gave specific suggestions about how nutrient density calculations could be used to determine appropriate nutrient levels in competitive foods.

The Department contracted with three universities—Colorado State, Case Western Reserve, and Utah State—to secure nutrient density data on a wide variety of foods. We requested that nutrient values be calculated for each of the following nutrients: protein, Vitamin A, Vitamin C, Vitamin D, Vitamin E, folacin, niacin, riboflavin, thiamine, Vitamin B6, Vitamin B12, calcium, iron, magnesium, and zinc.

APPLICATION OF A NUTRIENT DENSITY APPROACH

In measuring foods for nutrient value, we used the Recommended Dietary Allowances as the standard of reference. As you know, the RDAs are established by the Food and Nutrition Board of the National Academy of Sciences, National Research Council.

Seventeen common nutrients have established RDAs, but food composition information is most generally available for eight of the 17. These are protein, Vitamins A and C, niacin, riboflavin, thiamine, calcium, and iron.

These eight nutrients are the same ones the Food and Drug Administration labeling regulations require to be listed when the manufacturer chooses to state the nutritional content of a food.

Our proposal would measure these eight nutrients both per serving size and per 100 calories. The latter makes possible a relative comparison of all foods. The former permits a realistic assessment of nutritional contributions of foods as they are commonly eaten.

The only exception to this dual measuring standard would be artificially sweetened foods. We propose to analyze them on the basis of serving size only, because 100 calories worth of these foods represent unrealistically large quantities.

Mr. Chairman, we are proposing that foods which do not supply even a minimum of 5 percent of the RDA for one or more of the eight specified nutrients, measured per 100 calories and per serving size, be considered foods of "minimal nutritional value." Very few foods fall so low on the nutritional scale.

We are proposing that these foods not be sold in schools until after the last lunch period.

Based on our review of the nutrient content of individual foods, the Department has determined that virtually all foods in certain categories provide less than this 5 percent. We have identified four categories of foods of minimal nutritional value.

Those food categories are: soda water, water ices, chewing gum, and certain candies. The candies are sub-categorized to include hard candies, jellies and gums, marshmallow candies, fondants, licorices, spun candies, and candy-coated popcorn. In describing these categories, we relied on industy descriptions, nationwide survey classifications, and Standards of Identity furnished by the Food and Drug Administration.

APPEALS PROCEDURE

Our proposal includes an appeals procedure. Anyone may request the Department to review individual foods. They may petition the Department to approve it for sale by submitting a nutrient analysis of the food demonstrating that it meets the nutritional standard and provides five percent or more of the RDA for one or more of the eight specified nutrients.

Anyone may also petition the Department to *add* to the list of foods of minimal nutritional value an individual food which can be demonstrated to provide less than five percent of the RDA for all of the eight specified nutrients.

TIME AND PLACE

Very simply, Mr. Chairman, we are proposing that children eat breakfast and lunch *before* they eat foods of minimal nutritional value. We are proposing that such foods not be sold anywhere in the school until after the last lunch period.

We have determined which foods those are on the basis of a reasonable, objective, and scientific standard. To do less would surely not accomplish the objectives stated by the Congress when it passed the 1977 competitive foods amendment.

IMPLEMENTATION

We have proposed a rule which identifies only those foods that make a minimal contribution to a child's diet. The test used to define foods of minimal nutritional value is a conservative one, and should in no way be construed as endorsing all other foods for competitive sale.

Our proposal is consistent with the minimum standard approach used to establish the meal patterns in the school lunch and other child nutrition programs. State and local authorities are encouraged to adopt or continue more comprehensive rules.

In issuing the proposed rule, we have, of course, provided the public with an opportunity to submit comments. We fully intend to publish a final rule as soon as possible after analysis of those comments. We plan to have it in effect by January 1, 1980.

Thank you for the opportunity to appear here today. I'll be happy to answer any questions committee members may have.

STATEMENT OF CAROL TUCKER FOREMAN, ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY MARGARET GLAVIN, DIRECTOR OF SCHOOL FOOD PROGRAMS DIVISION, FOOD AND NUTRITION SERVICE, AND LAURA SUMMER, NUTRITION AND TECHNICAL SERVICES DIVISION, FOOD AND NUTRITION SERVICE

STATEMENT OF CAROL TUCKER FOREMAN, ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE

Ms. **FOREMAN**. Thank you, Mr. Chairman, I would like to introduce the people who are here with me at the table. On my left is Margaret Glavin, who is Director of the School Food Programs Division of the Food and Nutrition Service, and on my right, Laura Summer, from the Nutrition and Technical Services Division of the Food and Nutrition Service.

We are pleased to be with you today to discuss the Department of Agriculture's efforts to implement the competitive foods amendment to the Child Nutrition Act.

Congress enacted the amendment in 1977. As you know, the amendment restores to the Secretary of Agriculture authority to regulate the sale of foods which compete with federally subsidized school lunch and breakfast programs.

As you pointed out in your opening statement, these programs have grown quite large. Ninety percent of the Nation's schools participate in these federally assisted child nutrition programs. These programs establish various minimum standards to provide essential nutrients for more than 25 million of the Nation's schoolchildren.

These standards, such as the familiar type A lunch pattern are the minimum conditions necessary to receive Federal funds. The standards are purposefully basic and local officials are free to adapt them to the needs of local communities. The Departemnt encourages them to do so.

The standards, while minimal, are designed to insure that the annual $3 billion investment of the taxpayers money in child nutrition programs is used to promote both the understanding and practice of sound nutrition and to contribute to the well being of our children. We do suggest that their sale be limited during certain hours of the school day in order to preserve the nutritional integrity of federally subsidized school meals.

Last week, the Department published in the Federal Register a proposed rule to establish a nutritional standard for foods sold in competition with those programs. The standard would identify foods of minimal nutritional value. The proposed rule would limit the sale of such foods to the time after the last lunch period of the day.

A competitive food is defined as any food sold in competition with federally subsidized meals in schools which participate in the national school lunch or breakfast programs.

Competitive foods may be available from a variety of sources: Alternate or a la carte lunch lines, vending machines, or school snack counters. They also reflect a variety of nutritional values because the competitive foods sold in schools include such items as soups, sandwiches and fruits as well as traditional snack items.

I want to emphasize that our proposal deals only with those competitive foods which have been identified as having minimal nutritional value. Our proposal does not suggest that even these foods should never be eaten by students. We do suggest that their sale be limited during certain hours of the school day in order to preserve the nutritional integrity of federally-subsidized school meals.

We are hopeful that the limitation placed on minimally nutritious foods will result in an expansion in the selection of more nutritious foods such as fruits, vegetables and fruit juices at school snack counters and a la carte lines and in vending machines.

The amendment we are attempting to carry out was orginally introduced by former Senator Clifford Case of New Jersey. As I am sure you know, the competitive foods issue came to the attention of this committee twice before enactment of the 1977 amendment. That amendment restored competitive foods regulatory authority to the Secretary of Agriculture.

The Secretary was first granted that authority in a 1970 amendment which allowed the competitive sale of only those foods which either met a type A lunch pattern requirement, or were served along with the type A lunch.

The result of this rule was that only soft drinks and candies, which were rarely served with school meals were disallowed.

While the impact of the 1970 rule was clearly limited, it still aroused some controversy and there were indivduals and groups who advocated the transfer of the Secretary's regulatory authority to State and local educational agencies.

The 1972 amendment effected that transfer. The various jurisdictions developed competitive food rules that varied widely, in some places were nonexistent.

By 1977, increased concern about the quality of children's diets led to growing dissatisfaction with the limited results of the 1972 amendment. Nutritionists, parents, school administrators, and others urged legislation to restore regulatory authority to the Secretary of Agriculture.

The conference report accompanying the final legislation made clear that the Secretary was empowered to regulate "only those foods that do not make a positive nutritional contribution in terms of their overall impact on children's diets and dietary habits."

In your own words, Mr. Chairman—

> The conference committee dealt with two provisions, the competitive foods amendment and the nutrition education amendment, in a manner that is thoroughly consistent. One provision tends to be reinforcing the other. Both provisions are designed to upgrade children's dietary habits and food intakes.

Our proposal is an attempt to respond to the intent of Congress, to the expressed spirit of Public Law 95-166 as well as its letter.

Let me outline for you, if I may, how we developed this approach. During consideration of the 1977 amendment, Senator George McGovern, chairman of the Nutrition Subcomnmittee of the Committee on Agriculture, Nutrition, and Forestry, stated:

> The Secretary would have the authority * * * to regulate the sale of foods of limited nutritional value. The general category of foods that have limited nutrition-

al value include gum, candy, pop, and foods that, even though they may be fortified with vitimins, are too high in sugar and caloric content to be wholesome.

On April 25, 1978, the Department published a proposed rule which would have restricted the sale of four categories of competitive foods—candy, soda water, frozen desserts, and chewing gum. The proposal stated that these categories were selected because the foods "[did] not make a positive nutritional contribution, in terms of their overall impact."

The proposal did not, however, directly address why these foods did not do these things. That lack of a definition pointed out in several of the more than 2,100 public comments we received on the proposal. While the overwhelming majority of the commentators supported our proposal or a stricter one, there were questions about the adequacy of the nutritional criteria or standards used to select these four food categories.

We thought these were substantial issues, and the Department believed they merited further study. Therefore, on December 15, 1978, we withdrew the April proposal and announced a series of public hearings to give the public additional opportunities to assist us in writing a new proposal.

The meetings were held in Nashville, Detroit, and Seattle. Attendance by parents, school officials, students, business and industry representatives, nutritionists, and others indicated considerable continuing interest in competitive food issues.

In developing our second proposal, we not only solicited and reviewed additional public comments, we explored and reviewed many other sources of information.

During the course of the public hearings and the comment period, we heard from 449 school officials, teachers, and school food service personnel. More than 87 percent of them, either supported a proposal similar to the one we made in 1978, wanted the proposal expanded, or protested its withdrawal.

Nutritionists in the Department reviewed current studies and publications dealing with associations between diet and disease. They reviewed other research and available information on children's food consumption habits and their nutritional status.

Our research indicates that while snacks contribute more total calories to children's diets than any other single factor, they contribute far less to nutrient levels than meals do. Studies also show that snack calories come mainly from fat and sucrose, or sugar. The health risks raised by this kind of consumption pattern include, but are not limited to obesity, dental cavities, and increased risk of heart disease later in life.

In light of these findings, we concluded that public concern about the nutritional quality of children's diets is indeed not unwarranted. This concern had been emphasized earlier by Senator Robert Dole, who suggested:

> There is a need to reassess the priorities and take a close look at preventive health care measures which can be taken in the child feeding programs. I am suggesting we do have a need to at least try to make our children understand the necessity for eating balanced, nutritious meals.

Our task, in order to properly implement the 1977 legislation, was to assess the relative nutritional value of competitive foods. It is a task never before attempted by the Department.

The first step was to examine food composition. We found that complete food composition information is simply not available for all foods. And frequently, where data is available, foods are identifeid generically rather than by brand name.

We reviewed various methods of analyzing foods, and concluded that nutrient density analysis would be a most useful tool for evaluating the relative nutritional value of different foods. Nutrient density analysis measures a food's nutrient content in relation to its energy or caloric value.

We convened a meeting of USDA nutritionists and nutrition experts from universities and industry who are particularly knowledgeable in nutrient density analysis. They made general recommendations about the possible use of a nutrient density standard in a competitive foods rule. They also gave specific suggestions about how nutrient density calculations could be used to determine appropriate nutrient levels in competitive foods. The Department contracted with three universities to secure nutrient density data on a wide variety of foods.

In measuring foods for nutrient value, we used the recommended dietary allowances as the standard of reference. As you know, the RDAs are established by the Food and Nutrition Board of the National Academy of Sciences, National Research Council.

Seventeen common nutrients have established RDAs, but food composition information is most generally available for 8 of the 17. These are protein, vitimins A and C, niacin, riboflavin, thiamine, calcium, and iron.

These eight nutrients are the same ones the Food and Drug Administration labeling regulations require to be listed when the manufacturer chooses to state the nutritional content of a food.

Our proposal would measure these eight nutrients both per serving size and per 100 calories. The latter makes possible a relative comparison of all foods. The former permits a realistic assessment of nutritional contributions of foods as they are commonly eaten.

The only exception to this dual measuring standard would be artificially sweetened foods. We propose to analyze them on the basis of serving size only, because 100 calories worth of these foods represent unrealistically large quantities.

Mr. Chairman, we are proposing that foods which do not supply even a minimum of 5 percent of the RDA for one or more of the eight specified nutrients, measured per 100 calories and per serving size, be considered foods of minimal nutritional value. Very few foods fall so low on the nutritional scale. We are proposing that these foods not be sold in schools until after the last lunch period.

Based on our review of the nutrient content of individual foods, the Department has determined that virtually all foods in certain categories provide less than this five percent. We have identified four categories of foods of minimal nutritional value.

Those food categories are: soda water, water ices, chewing gum, and certain candies. The candies are subcategorized to include hard candies, jellies and gums, marshmallow candies, fondants, licorice, spun candies, and candy, coated popcorn. In describing these categories, we relied on industry descriptions, nationwide survey classifications, and standards of identity furnished by the Food and Drug Administration.

Our proposal includes an appeals procedure. Anyone may request the Department to review individual foods. They may petition the Department to approve it for sale by submitting a nutrient analysis of the food demonstrating that it meets the nutritional standard and provides 5 percent or more of the RDA for one or more of the eight specified nutrients.

Anyone may also petition the Department to add to the list of foods of minimal nutritional value an individual food which can be demonstrated to provide less than 5 percent of the RDA for all of the eight specified nutrients.

Very simply, Mr. Chairman, we are proposing that children eat breakfast and lunch before they eat foods of minimal nutritional value. We are proposing that such foods not be sold anywhere in the school until after the last lunch period. We have determined which foods those are on the basis of a reasonable, objective and scientific standard. To do less would surely not accomplish the objectives stated by the Congress when it passed the 1977 competitive foods amendment.

We have proposed a rule which identifies only those foods that make a minimal contribution to a child's diet. The test used to define foods of minimal nutritional value is a conservative one, and should in no way be construed as endorsing all other foods for competitive sale.

Our proposal is consistent with the minimum standard approach used to establish the meal patterns in the school lunch and other child nutrition programs. State and local authorities are encouraged to adopt or continue more comprehensive rules.

In issuing the proposed rule, we have of course provided the public with an opportunity to submit comments. We fully intend to publish a final rule as soon as possible after the analysis of those comments. We would like to have the rule in effect by January 1, 1980.

I appreciate the opportunity to appear.

Chairman **Perkins**. Thank you very much. Ms. Foreman, I want to compliment you on your testimony before I leave for a 10 o'clock meeting I have two or three questions. In my absence, Mr. Kildee will take the chair here and hear the other witnesses.

I am curious to know something about how the present nutrition standard with the 5-percent limitation was decided upon to judge which competitive foods should be prohibited.

In the original proposed competitive food rule, printed April 25, 1978, in the Federal Register, the following language appears:

> In compliance with Public Law 95-166, and the furtherance of the objective to preserve the nutritional integrity of the school nutritional programs, the Secretary is proposing to specify competitive foods which are not approved.

Those foods were specified as soda water, frozen desserts, candy and chewing gum.

In the new proposed rule the banned foods have been much more severely limited, so that, only certain kinds of candies are included in the ban. For example, a child could purchase a chocolate confection just before lunch, satisfy his or her hunger and decide to give up having school lunch, or waste part of it because of lack of hunger.

I think if your objective is still to preserve the integrity of the nutrition program, the least I would expect to find on the Secretary's list would be the items originally prohibited on the first proposed regulations, which were scrubbed.

My question then is really why has that list been watered down and do you personally feel that it is too weak?

Ms. **Foreman**. Mr. Chairman, in developing the rule, of course, our first limitation is the legislative history and the law as it is written by the Congress. In the conference report on Public Law 95-166, the language of the conference report states that we would consider regulating only those foods that do not make a positive nutritional contribution in terms of their overall impact on children's diets and dietary habits.

It was pointed out in response to our first proposal that we had not stated a nutritional standard, that we had not listed an objective and scientific basis for what is a food of limited nutritional value. We went back and attempted to do that and we collected a great deal of data along the way and we finally developed a standard that says if a food does not have at least 5 percent of one of the eight nutrients on a 100-calorie basis or a per-serving basis, that that was a food of minimal nutritional value.

That seemed to us to be consistent with the direction from Congress that we should regulate only those foods that don't make a positive nutritional contribution.

We didn't look around for particular foods. We simply then applied that standard and some foods fell within it and some foods did not fall within it and we published our standard based on that objective scientific criteria.

I will say that we were influenced to a certain degree in the development of that criteria by a further directive from Congress that appeared both in the Senate committee report and in the conference committee report that we should not limit the sale of fruits and vegetables or soups and we were, therefore, required to come up with a nutrition standard that did not include one of those things.

Chairman **Perkins**. In developing your second proposal, you refer to studies whose data reveals that snacks often contribute more calories and less nutrients to diets than do regular meals:

> The study also shows that children in the United States have a high incidence of dental cavities. These reviews clearly show that all children benefit from moderation in their food habits.

Now, Ms. Foreman, in light of the Department's statements that it was basing its new regulations on these findings of too many calories and too great an incidence of dental cavities, how can you justify the inclusion of certain candies in your category of acceptable competitive foods?

Ms. **Foreman**. Well, sir, once again, we felt we were required by the Constitution to write regulations that are consistent with the law as passed by Congress, and when we began to set forth standards that would meet the requirements, as they are specified in the legislative history, we found that certain foods fell in and certain ones fell out. Certainly I find myself concerned about the incidence of dental cavities and other problems of nutritional problems among children, but the legislative history doesn't ask me to apply my own judgments there, it asks us to apply the judgment that a food did not make positive nutritional contribution to a child's well being, and if Congress, of course, would like to list the additional foods or to specify what they would like for the Department to do in that regard, we would be more than happy to carry out the congressional intent.

Chairman **Perkins**. Let me ask you one more question. Now, in your proposed regulations you have established a standard to define foods of minimal food value and you invite petitions for approval of certain food. Won't these analyses entail a great amount of Federal paperwork, and won't each manufacturer have to ask for approval of each product and won't each school have to seek advice on each piece of candy?

How does all of this regulation square with the administration's professed desire to cut back on too many Federal regulations?

Ms. **Foreman**. No, sir; I think that in fact that this is administratively quite simple. There are four food categories where virtually all of the foods that we have been able to identify fall into the category of having less than 5 percent for each of the basic eight nutrients. All of the foods that we were able to identify within these categories fell within our standard. There may be individual food items, and individual candy, that doesn't fall within the standard, and the manufacturer of that candy is free within our proposed regulation to petition the Department to include that particular candy, but our investigation indicates that overwhelmingly all of the foods within these categories fall within the standard we have set.

So we don't really anticipate a great deal of difficulty in applying the standard. We certainly don't think that it should generate a great deal of paperwork.

One of our objectives in developing the rule was to avoid placing an administrative burden on either schools or the Department of Agriculture.

Mr. **Kildee** [presiding]. Mr. Erdahl.

Mr. **Erdahl**. Thank you, Mr. Chairman.

Ms. Foreman, who sells these products, these competitive products, does the school district sell them or a private vendor? How are they dispensed?

Ms. **Foreman**. I think ordinarily if these products are sold within the cafeteria the schools purchase them from local vendors and resell them, and in other cases schools contract with vending machine companies to place vending machines in the school.

Mr. **Erdahl**. I assume that you are more aware of what happens from kids eating snacks than probably any of us on the committee. From my personal experience and from the friends of our children, sometimes the kids go up, and like we used to say, fill up, and lose their appetite on some of the candies. They have already paid for the school lunch that ends up in the garbage can. Is this the experience that you hear about?

Ms. **Foreman**. It is an experience that is related to us frequently by school food service personnel, Congressman.

Mr. **Erdahl**. Where did the 5-percent figure come from? Maybe you just had to start someplace. Why do you pick 5 percent rather than 10 percent? Or is 10 percent the ultimate or maybe a better goal?

Ms. **Foreman**. Yes, sir, I would be glad to elaborate on that a little bit.

The Food and Drug Administration in its regulations requiring nutritional labeling for foods states that any product that contains at least 10 percent of a particular nutrient may be considered to be a significant source of that particular nutrient and, if it contains less than 2 percent of a particular nutrient it doesn't have to list that nutrient because it is considered to be so low as to really not be specifically definable.

In searching for a definition of the term minimally nutritious, or having a minimal amount of a particular nutrient, we felt that 5 percent was a reasonable point between a significant source and a nonexistent source.

Mr. **Erdahl**. Thank you.

Another question. One of our staff aides pointed out to my attention in the proposed rules and regulations, on page 32, the Department is proposing that foods containing less than 5 percent of the RDA for all 8 of the specified nutrients per 100 calories and so forth—then from what it looks on page 34, it seems to be 5 percent of the RDA for at least one of the nutrients.

What is the reason for that distinction or do I read it incorrectly?

Ms. **Foreman**. No; a product would have to contain at least 5 percent of one of the eight nutrients in order to fall out of these categories. The categories that we have listed do not have at least 5 percent of any of the nutrients. It is a one nutrient only requirement.

Mr. **Erdahl**. So we are talking about really very minimal value as far as food value?

Ms. **Foreman**. Yes, sir. Let me point out——

Mr. **Erdahl**. Junk food without picking on some industry that might dispense or sell it?

Ms. **Foreman**. A food of minimal nutritional value is defined as one which does not have 5 percent of the USRDA for even one of eight specified nutrients on a 100-calorie basis and on a serving-size basis.

Here are some examples of how those charts fall out. In response to your last question, we attempted to define those foods that have only a minimal nutritional value because we felt that such a definition was indicated by the legislative history, which specified that we should exclude only those foods that don't make a positive contribution to a child's nutritional well being.

I think it might be argued that a food that includes more than 5 percent might be making a positive nutritional contribution.

Let me go on just a moment to say that in part our regulation adapts this approach because the scientific data available to us is really rather limited in many respects. Many people feel that any food that has a great deal of sugar in it is a hazardous food. We simply don't yet have the scientific data on sugars in all foods to adequately address that question for competitive foods. Surely the Government must be careful and act with a scientific data base.

There is some evidence that foods that are very high in fat are hazardous for some people, but they may also make a positive nutritional contribution for some people.

The wording of the legislation and the lack of scientific data tend to limit our ability to act. In the case of many fruits, they are high in sugar and relatively high in calories but provide a great deal of fiber. There is a great deal of scientific debate over the value of fiber in one's diet. It is not yet certain enough for us to feel we could base a regulation on the virtues or lack of virtues of fiber.

In making this regulation, we took into consideration both the limitations of the legislative history and the limitations of the scientific data base on which we work.

It is a first step, our first attempt to make such a definition. As the data base expands then I think you can expect that the Department may be able to develop a more sophisticated and perhaps a more valuable analysis.

Mr. **Erdahl**. Thank you very much. I think what you have said as one looks over the testimony and the regulation underscores the need that is not peculiar to your Department, to provide consistency in regulations and make them as understandable and enforcable as possible.

Thank you very much, Mr. Chairman.

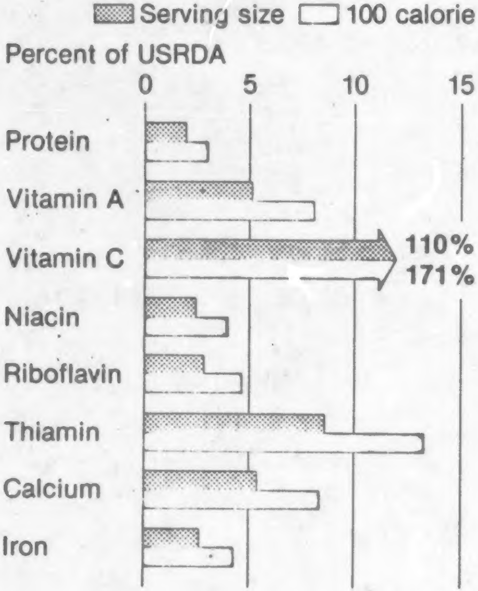
Mr. **Kildee**. Ms. Foreman, if you have these charts reduced, we would like to include them in the record.

Ms. **Foreman**. Thank you. Surely.

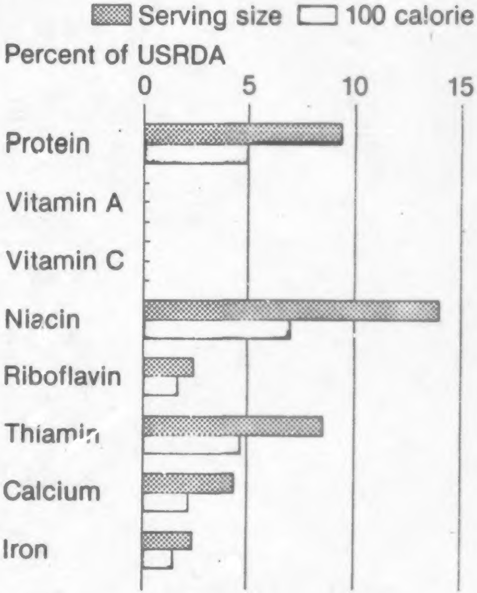
Mr. **Kildee**. If you would provide them for us, we would appreciate that.

[The information follows:]

This *is not* a “Food of Minimal Nutritional Value”

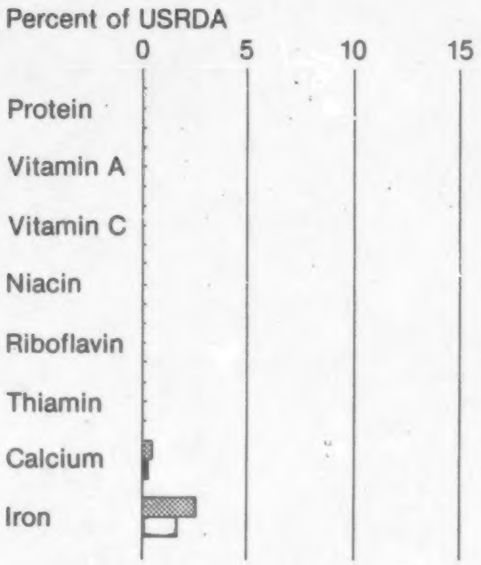


This *is not* a “Food of Minimal Nutritional Value”



A food of "Minimal Nutritional Value" is defined as one which does not have 5% of the U.S. Recommended Daily Allowance (USRDA) for even one of 8 specified nutrients on a 100 calorie basis *and* on a serving size basis.

This *is* a "Food of Minimal Nutritional Value"



Foods of Minimal Nutritional Value:

- Soda Water
- Water Ices
- Chewing Gum
- Certain Candies
  - Hard Candy
  - Jellies and Gums
  - Marshmallow Candies
  - Fondant
  - Licorice
  - Spun Candy
  - Candy Coated Popcorn

Mr. **Kildee**. Mr. Kogovsek.

Mr. **Kogovsek**. Thank you, Mr. Chairman.

Ms. Foreman, I want to commend you for your statement this morning and also commend USDA for their attempts on what they have been doing to help provide or try to insure nutritious meals for the students of this country.

As I have gone from one school to the next, for visitations and I think just from the experience of listening to some of the stories that my own daughters tell me, there evidently is a great deal of waste as far as lunch programs are concerned from some of the actual experiences I have seen where there is just a lot of food thrown away after lunch.

Have you addressed that in any way?

Ms. **Foreman**. We have studies underway on plate waste in the school lunch program. I am told that they are complete but we haven't published them yet and obviously we will make them available to the committee as quickly as they are.

Mr. **Kogovsek**. I guess instead of a question, it is just a statement, that I am aware and I am sure a lot of people are aware, that there is a great deal of waste, and it seems to me that something can or should be done. I don't know how you can force kids to eat something that is nutritional, but it is one thing to provide nutritional meals and it is another thing to not have them eaten, and they are just thrown away.

Ms. **Foreman**. Yes, sir, we certainly agree with you. We don't need to have the studies complete to know that there is plate waste. We already know there is plate waste. However, the study may give us some hard data as to why it is there. Commonsense tells you, that in some cases plate waste occurs because the food is not very attractive, because the lunch period is so short that by the time the child finishes standing in line either the lunch period is all gone or the child doesn't get any time to go out on the playground.

We know from stories school food service personnel tell us that some of these things are true.

Yesterday in my office a gentleman who used to serve on the school board in the metropolis of Walden, Ark., told me that after they took the competitive foods out of the school that participation in the school lunch program went up very substantially. That is a story we hear from school administrators around the country.

What we don't have is a scientific study that says that is the only reason, and I don't think we will ever have one that says that is the only reason.

We are taking a number of actions to try to make those school lunches more attractive. We will be issuing a new regulation that requires schools to develop some mechanisms for parent and student participation in the development of the school lunch program. In this way, school food service personnel will not operate in a vacuum.

We have contracted with the Nation's Parent Teacher Association for 20 pilot projects across the country which will demonstrate how you can have an effective parent-teacher participation in the development of the school lunch program.

One thing that comes up again and again and again is where the school lunch program has the active involvement of the local people, the school board, interested parents, teachers and where there are creative people running the school lunch program. the kids eat the lunch because it is attractive as well as nutritious.

Mr. **Kogovsek**. Thank you.

Mr. **Kildee**. The study on plate waste was mandated by the Congress, so now that it is completed, could you formally submit it to us as soon as possible?

Ms. **Foreman**. Yes, sir.

Mr. **Kildee**. Thank you very much.

Mr. Goodling.

Mr. **Goodling**. If they did a study on plate waste I wish they had come to my school district. For 22 years I stood behind the food lines and the garbage pails. I could write a book on plate waste and why it exists.

I don't know what part competitive foods may play in plate waste. I don't know that those in the school business find it desirable to keep students in the school. I don't think youngsters should be forced to stay on the school grounds during their lunch period. But, I am concerned about a statement here. I think in relationship to an impact study the department intends and formulation of a minimum rule as a first step in this process, I wonder what the ultimate goal is? In fact, I am scared as to what the ultimate goal may be.

Ms. **Foreman**. I think, sir, you will find the Department being criticized for its proposal. Some may say it fails to comply with the law. Sometime in the future Congress may choose to go further. I think you are going to hear people advocate today that we haven't gone further.

I seem to hear the chairman indicate some distress we haven't gone further. That will of necessity require further congressional action.

Mr. **Goodling**. I must meet with the chairman. I surely hope you don't go further.

I am interested here. I gather from the information that canned peaches are fine, canned pears are not?

Ms. **Foreman**. No sir, that is not the case.

Mr. **Goodling**. Well, now, according to the statistics canned pears don't come up to your standards.

Ms. **Foreman**. I think I have with me a staff nutritionist from the food and nutrition service and I would like her to respond to that.

Mr. **Goodling**. It is only 4 percent, according to nutritional labeling, and you need 5.

Ms. **Summer**. According to certain food composition booklets and according to certain serving sizes, you are correct, that you would not meet a 5-percent standard on canned pears. One of our problems, when we were formulating this rule, was coming up with a standard for a serving size.

Mr. **Goodling**. Wait until we get our pear-producing Congressmen involved here.

Ms. **Foreman**. Mr. Goodling, we have developed serving size criteria to apply in this case, and in applying it you would not find that pears are limited from sale. They would be approved for sale. The only foods that fall within the category as described by the Department or proposed by the Department are soda water, water ices, chewing gum.

Mr. **Goodling**. I saw those. As I went down this table I noticed that canned pears apparently didn't come up with the five——

Ms. **Foreman**. Only if you reduce the serving size to a very small level.

Ms. **Summer**. I would also like to mention that food composition data. is very limited and that particularly with something like fruits and vegetables, the figures vary from season to season, from the type of pear to the type of pear, even among USDA's own publications the figures are not always the same because of these variables.

Mr. **Goodling**. I think the only points I am trying to make are these people back in the cafeterias are going to have to check labels carefully.

Ms. **Foreman**. No sir, I can assure you they are not. We have proposed a regulation which says in these categories, soda pop, water ices, chewing gum, and candies——

Mr. **Goodling**. Certain candies?

Ms. **Foreman**. Certain candies. We list the subcategories of candies involved here. We cannot find any foods that do have at least 5 percent of one of these nutrients. Therefore, we are speaking of these categories. If somebody manufactures food that they think falls, within one of these categories but meets the nutrient requirements, they can send us a nutrient analysis and we will inform the school district that food, even though it is in the category, qualifies for an exception to the rule.

There is no burden upon local school administrators or individuals to make this determination. That is a determination that can be made by people who think they fall outside the rule but are within one of those categories applying to the Department of Agriculture. We don't think that there will be very many of them.

Mr. **Goodling**. Am I to assume you have evaluated all of the foods, for instance, that the Department is involved in providing to the different schools to see they meet all new criteria?

Ms. **Foreman**. We don't provide any foods from any of the categories that we have just described. We do not provide as part of the commodity distribution program of the Department of Agriculture soda pop, chewing gum, candies.

Mr. **Goodling**. Not those specifically, but again when I look down over these charts, it seems to me it is going to become very, very confusing for people who are trying to set up a school lunch program——

Ms. **Foreman**. No sir, I think——

Mr. **Goodling**. It is easy, no soda water and that kind of stuff.

Ms. **Foreman**. That is really all you have to know. You have to know those four categories and that is all that a school district is obligated to comply with.

If there are to be exceptions, the Department will make those exceptions known specifically to the school districts so that they will be aware of them. All the school districts have to know at this time are those four categories.

Mr. GOODLING. Are you going to evaluate then the type A lunches in order to determine——

Ms. FOREMAN. All the foods that are supplied through the type A school lunch will comply with this proposed regulation.

Mr. GOODLING. But they buy many on their own that go into type A?

Ms. FOREMAN. Yes sir, the foods that are required to be served in the type A school lunch would not be affected by this regulation.

Mr. GOODLING. I only hope that you really don't get too excited about this business. As I said, you know, we are trying to force people to do something that is totally foreign to what they do at home. We think there is going to be some carryover.

I have just gone through situations too many times where I have eaten a first grader's food so he wouldn't get chastised by his teacher, or scolded when he goes back to dump it into the trash. I just hope in spite of our legislation, that you don't get carried away and move slowly. I just think it is going to become a very confused issue for the people who are trying to work out a lunch program with the youngsters, with parents and everybody else, while trying to get as little plate waste as possible and as much participation as possible.

Ms. FOREMAN. I couldn't agree with you more. That is why, when we realized there were some legitimate concerns with the first regulation, we spent a year developing a new one which would not be confusing and which would carry out the intent of Congress.

Mr. GOODLING. Licorice is so therapeutic for an upset stomach.

Ms. FOREMAN. The children are perfectly free to consume it at the end of the school lunch period each day, perhaps to remedy the indigestion that they have from the school lunch.

Mr. GOODLING. Or bring it from home, carry it in their pocket.

Ms. FOREMAN. Yes, sir.

Mr. GOODLING. I have no further questions.

Mr. KILDEE. Mr. Miller.

Mr. MILLER. When can these foods be served?

Ms. FOREMAN. Some competitive foods can be served at any time during the day. Schools are perfectly free to offer fruits and vegetables and soups and sandwiches and nuts any time. Those can be sold at all times.

The foods defined as minimally nutritious foods cannot be sold until after the end of the school lunch period each day.

Mr. MILLER. So they can still be stocked on a school campus and still be used to raise money, if that is the purpose for which they are used, they are still available to the students after school, if the students hang around the campus?

Ms. FOREMAN. If you need a candy bar before a football practice it will be there, I suspect, in some schools.

Let me point out that many schools have gone far beyond this proposed Federal regulation and chosen not to have these foods in school at any time.

Mr. MILLER. But the point is that we are not discussing, as has been suggested in some cases, a ban?

Ms. FOREMAN. A "ban" is an inappropriate word.

Mr. **Miller**. The fact we are not doing that, which probably is consistent in most households, suggests you eat your lunch first and the snack comes afterward?

Ms. **Foreman**. I think it is probably etched on the minds of each mother.

Mr. **Miller**. Right. So you are going to have a nonnutritious snack after a nutritious type A meal?

Can you explain for the record the exact appeal process. You started in terms, I think, with Mr. Erdahl to suggest what would happen if you were a manufacturer and you want to be left off this list, and in the reverse, when you make a decision you want to put somebody on the list, what exactly takes place?

Ms. **Foreman**. Let me ask Ms. Glavin to respond.

Ms. **Glavin**. If a manufacturer wants to have a food taken off this list, or excepted from one of these categories, he would have to submit to the Department food composition data which indicated that the food did not meet the 5-percent standard. In other words, information that indicated that the food had at least 5 percent of at least one of the eight nutrients.

The Department would, twice a year, publish the list of foods and any exceptions or additions to it. To add to the list, persons could submit food with a list of ingredients that are in those foods and the Department would look at those ingredients, would ask the manufacturer of the food to submit food composition data, and would make a determination either on the ingredients or on the food composition data, if submitted, to make a determination as to whether or not that food did meet the 5 percent standard.

Mr. **Erdahl**. What would you do with the manufacturer's information?

Ms. **Glavin**. The composition information would indicate whether or not it had 5 percent of the nutrients.

Mr. **Erdahl**. Are you accepting their's or do you do your own analysis? What you really are talking about is an application for removal.

Ms. **Glavin**. Right, we could do our own analysis. In general we would accept the manufacturer's data, which is what the FDA does.

Mr. **Miller**. What happens in the case of fortification?

Ms. **Foreman**. Most of the foods, at least all of the foods that we are talking about now, are not fortified. The Food and Drug Administration, in its standard of identity for soda waters, does not provide for fortification of those soda waters, and if you want to fortify one of those products you then have to label it as to its ingredients, and generally it then becomes a nutritional beverage of some sort.

So the standard of identity that we have used from the Food and Drug Administration do not provide for fortification of any of these products that we are discussing.

Mr. **Miller**. If I make the business decision as a manufacturer that the market is large enough that I want to participate in it, I can go ahead and fortify my soda water. It may be called something else, but at that point it is available, right, if I can fortify it to meet this minimal standard?

Ms. **Foreman**. Yes, sir. That is the case.

I would point out the Food and Drug Administration has had proposed guidelines for sometime on the subject of fortification of foods where nutrients don't ordinarily occur, and those where they are replaced after they have been processed out. We are told by the Food and Drug Administration that their guidelines will be forthcoming very shortly and that they will offer some guidance to the industry about the fortification of foods such as these.

But, at the present time, that could be done.

Mr. MILLER. If I have a brand name, like right now you have a grape drink that is marketed under the name of Welch's, which also makes grapejuice, there is some tranferrence, you have Sunkist orange drink, which makes obviously orange juice, you have Coca-Cola. What do I care what USDA or FDA calls my product as long as they call it Coca-Cola and it is available for sale at any time in the school?

Ms. FOREMAN. Mr. Miller, it is my understanding that if a soda pop manufacturer chooses to manufacture a soda pop that does not meet the FDA standard of identity for soda pop it has to label that product as to its ingredients. Pop manufacturers have generally almost exclusively found that this is not an advantageous thing to do, that it is better to manufacture the standard of identity and avoid the need to do ingredient labeling.

Mr. MILLER. Are you suggesting they have something to hide?

Ms. FOREMAN. No, sir.

Mr. MILLER. I just wonder if the market of the school place is large enough that you would be prepared to run the risk of labeling, if there is such a risk, and have your product available because you fortified it with one thing?

I don't know if the formula allows for fortification in terms of their concept of what Coke should taste like? I don't mean to single out Coke.

Ms. FOREMAN. I don't know that either.

Mr. MILLER. I don't know if there is enough room on a chewing gum wrapper to label it.

Ms. FOREMAN. I can give you some information about the total soft drink market that we think is accounted for in schools.

It appears to be less than six-tenths of 1 percent of the manufacturers' 8.4 billion soda and sirup sales.

Mr. MILLER. It doesn't sound like that is what you would want to do.

Ms. FOREMAN. It doesn't seem to me it would be worthwhile for them to alter their——

Mr. MILLER. But the point is that fortification is allowed under the regulation. They can do it, they may run into other problems with other agencies, or other requirements of other agencies, but if they simply wanted to gain access to the market, they could fortify a candy bar, chewing gum, or water ice, or soda water and qualify it.

Ms. FOREMAN. Yes, sir.

Mr. MILLER. Thank you.

Mr. KILDEE. Thank you very much, Ms. Foreman.

We recognize that you have had a difficult task and one not without controversy. We appreciate your testimony here this morning and we would appreciate the report plate waste——

Ms. FOREMAN. The plate waste report will be forthcoming as quickly as we can possibly get it to you and, of course, we will submit these charts in a reduced size for you.

Mr. KILDEE. Thank you very much.

Our next witnesses this morning are Ms. Peg McConnell, National School Food Action Committee, from the great State of Michigan, accompanied by Ms. Barbara Warden of American Home Economic Association.

Mr. KILDEE. Your testimony will be entered into the record. You may summarize if you wish.

[The prepared statement referred to above follows:]

TESTIMONY OF PEG MCCONNELL AND BARBARA WARDEN, REPRESENTING THE NATIONAL SCHOOL FOOD ACTION COMMITTEE

Good morning, members of the Education and Labor Committee. I represent the National School Food Action Committee, a coalition of organizations concerned with the quality of foods available in our schools. One of our principal focuses is the issue of the availability of competitive food products.

We feel that there is an urgent need for a regulation controlling what foods can be sold in competition with our school lunches. When the Secretary regulated competitive foods in the past, sales of soda and candy bars decreased. When he lost that control, sales of candy, soda, and numerous dessert-like items proliferated. We saw our children walking into cafeterias and faced with the following decision—shall I buy a candy bar and coke for lunch or shall I buy the school lunch? We saw the quality of the school lunch deteriorate. We saw few local school districts or states doing anything about this undesirable situation. Many school board members know little about nutrition. Given the countless local problems confronted by school boards, nutrition falls to the bottom of their list of priorities. Moreover, local business pressures and concerns about fund-raising may keep them from considering the control of what is sold in competition with school meals. The Secretary, having personnel and research facilities available, is best equipped to deal with the nutritional, educational and health issue to be considered in the regulation of competitive foods. When this decision is left to local school districts, the nutritional interests of parents and children, in many cases are ignored. For this reason, we applaud the Department's proposal to the extent that it provides for a ban on the sale of chewing gum, some candy, soda pop, and frozen ice desserts. We feel however, that the Department's proposal is not comprehensive enough to ensure the nutritional quality of food eaten in schools. The proposed regulations create several problems.

The major problem is that USDA's proposal still allows dozens of types of candy to be sold in schools. The availability of candy bars before and during lunch contributes to the formation of eating habits characterized by the intake of large amounts of sugar, fat and sodium. The excess consumption of these food components in the U.S. has caused an epidemic of heart disease, stroke, tooth decay and obesity.

Furthermore, while the proposed rule appears to exclude chewing gum, soda pop, some candy and frozen ice desserts, the regulation can be easily circumvented to allow all of these foods to be sold in competition with school lunches. All a manufacturer need do is fortify any of these foods with a fraction of a cent's worth of vitamins or minerals. When a food normally considered junk, is fortified to contain 5% of the USRDA of one of eight vitamins or minerals, the proposed rule allows it to be sold as a competitive food in schools. Food manufacturers are already fortifying unhealthful foods, such as soft drinks. One such product, called Nutripop Cola, is fortified with 9 vitamins and minerals.

In short, fortification spells a total emasculation of the proposed USDA's rule to prevent junk foods from competing with school lunches.

We feel that schools should not allow fortified foods to be sold as competitive foods, unless a need for an additional source of the added nutrient has been demonstrated. The consumption of such foods at school teaches children to expect to find nutrients in foods that generally do not provide those nutrients. For example, seeing a vitamin-fortified snack cake replace a piece of fruit and toast in a school breakfast leads a child to believe that snack cakes are nutritionally equivalent to a serving of fruit and toast. In fact, most snack cakes do not provide the vitamins present in fortified snack cakes.

Moreover, a policy allowing nutrients to come from fortified foods rather than foods containing naturally occurring nutrients is based on the assumption that every nutrient present in the natural foods has been added to the fortified food. In fact, fortification does not emplace all of the nutrients that occur in natural foods. Furthermore, optimal intakes of many nutrients have not been determined. Thus, a cake fortified with vitamin C may not provide all of the nutrients present in a piece of fruit. Finally, fortification is often used to make unhealthful foods appear nutritionally desirable.

Fortified foods are frequently high in fat, saturated fat, sodium, and sugar. The addition of vitamins and minerals does not neutralize the harmful effects of these foods.

A third problem that arises is that by setting a minimum standard USDA may be undermining the efforts of state and local groups to eliminate or reduce competitive foods. While USDA views this as a minimum standard, states frequently interpret the standard as absolute despite its inadequacy.

To address the health and nutrition education needs of the nation's school children, we propose a stronger and more comprehensive rule. Our proposal is based on the following objectives:

Promote foods that lead to wholesome balanced diets and better health.
Instill good eating habits in children.
Support the efforts of parents to instill healthful eating habits in children.
Regulate foods that do not make a positive nutritional contribution in terms of their overall impact on children's diets and dietary habits such as foods that contain excessive levels of fat, saturated fat, sodium, and sucrose.

We therefore propose that USDA allow only those foods to be sold in competition with school lunches that (1) are required to be in the Type A meal pattern, and (2) contain specified limits on their fat, saturated fat, sugar and sodium content.

The use of a Type A standard would ban the sale of such products as potato chips, cakes, cookies, fruit-flavored drinks, and ice cream, as well as candy, soda pop, gum and popsicles, in competition with school lunches. Thus, a Type A standard would eliminate those foods which blatantly violate the principles of nutrition taught by parents, teachers, and USDA.

Adherence to the Type A standard has other advantages. The standard was carefully devised to ensure consumption of a variety of foods that provide an adequate nutrient intake. Also, a rule based on this approach is easily administered. School officials are familiar with the Type A requirements and can easily determine which foods would be approved for competitive sale.

By basing a standard on the consumption of *foods* rather than nutrients, the Type A standard ensures sound nutrition education in addition to adequate nutrient intake. Though the nutrient content of individual foods within a class of foods may vary, consumers (especially children) cannot be expected to memorize the nutrient content of each food. Instead, they must be taught that by choosing one food from a given class of foods, they will, over the long run, obtain sufficient intake of the nutrients common to the foods in that class. For example, an apple contains less vitamin C than an orange or grapefruit. Nevertheless, if a child is taught to consume a fruit for lunch every day (and to vary his or her choice as much as possible), it is certain that he or she will obtain an adequate vitamin C intake. Teaching children to choose a diet on the basis of foods rather than nutrients has an additional benefit. It helps them resist claims for fortified foods which are likely to be high in fat, sodium, or added sugar. A child accustomed to eating a piece of fruit for lunch is not likely to substitute a piece of candy fortified with vitamin C.

Type A foods are also less likely to compete with the school lunch. Under a Type A standard, children would not be tempted to substitute cakes, cookies, candy, etc., for all or part of the school lunch. Thus, this measure would likely increase participation in the lunch program and reduce plate waste. Furthermore, the Type A standard would make snacking a healthful activity. If students wanted to replace their lunch with competitive foods during mid-morning, mid-afternoon or at lunchtime, they would still be consuming foods comparable to the school lunch in terms of nutrition and nutrition education.

Foods often served with the school lunch but not required by the Type A meal pattern, should not be sold as competitive foods, with a few exceptions. Lowfat yogurt (plain or flavored with fruit and/or small amounts of sugar) should be allowed because it essentially substitutes for a Type A food. Yogurt is not only nutritionally comparable to milk, it is comparable from a nutrition education standpoint, in that it is easily recognized as a milk product. In fact, yogurt should be admitted to the Type A meal pattern. It is likely that it is presently excluded only for historical reasons, since it was not a popular food when the Type A standard was devised.

Soups and salads should also be allowed as competitive foods. Again, both of these dishes should also be allowed in the Type A meal pattern. A salad is merely a mixture of raw vegetables, and soup is no more than a liquid version of one or more of the Type A components. Neither of these foods is inherently inferior to those foods presently allowed in the meal pattern from a nutrition or nutrition education point of view.

On the other hand, most desserts, such as cakes, cookies, and pies, should not be sold as competitive foods, and under our proposal they will be excluded from competing with school lunches. These foods are inferior to Type A foods in terms of nutrition and nutrition education. Though their consumption should never be encouraged, these foods are less harmful if eaten as part of the school lunch. Nutritionists would agree that a lunch consisting of a sandwich, fruit, glass of milk, and piece of cake is preferable to a lunch consisting of two pieces of cake, a cookie and a candy bar.

In spite of these advantages, the Type A standard alone has one major drawback. It sets no limit on the fat, saturated fat, sodium or sugar allowed in foods. The Department has already urged schools to reduce the sugar, fat, and sodium content of school lunches, although it has not set upper limits. Therefore, we recommend that limits be set on the fat, saturated fat, sodium and sugar content of competitive foods, even though foods served in the school lunch program need not yet conform to such a requirement. Assuming schools heed USDA guidance materials, which recommend reductions in these substances, there should be little difference between competitive foods and those served as part of meals. Furthermore, setting standards for competitive foods could lay the groundwork for improved school lunch standards by familiarizing students with nutritious foods, and by demonstrating the acceptability of these foods to school administrators.

Finally, it is imperative that the Department set limits, rather than simply encourage schools to reduce the sugar, fat, and sodium content of competitive foods, because individually, it is difficult for local schools to stock vending machines with nutritious foods. These foods are almost always purchased from private suppliers, rather than being prepared by school employees. Alone, no school can create a demand large enough to force suppliers to produce more healthful foods. On the other hand, if all schools are required to stock their vending machines with foods low in fat, sodium, and sugar, suppliers would have a powerful incentive to provide such products.

The need for reduced consumption of fat, saturated fat, sodium, and added sugar has been well documented. Excess consumption of saturated fat and sodium contributes to the nearly one million deaths from cardiovascular disease in the United States each year. In addition, a diet high in added sugar is one of the primary causes of the $3 billion Americans spend each year repairing decayed teeth. A number of expert committees have recommended some or all of these dietary modifications, including the American Heart Association, the Senate Select Committee, the 1969 White House Conference, the 1974 National Nutrition Policy Study, and the Intersociety Report on Heart Disease Resources. On the basis of these recommendations and our own review of the literature, we contend that there is sufficient reason for the Department to consider fat, saturated fat, sodium, and sugar in regulating the sale of competitive foods.

We suggest the following standards:

A. No more than 35 percent of calories from fat.
B. No more than 20 percent of calories from saturated fat.
C. No more than 400 mg of sodium per serving.
D. No more than 20 percent of calories from added sugar.
E. At least 50 percent of grains unrefined.
F. At least 5 percent of the USRDA of any naturally occurring nutrient.

The standards presented here are based on intakes of fat, saturated fat, sodium, and sugar recommended by the committees mentioned above. More importantly, they were developed with a view towards allowing a wide selection of nutritious and appetizing foods to be served. These include fruits and vegetables; fruit and vegetable juices; low fat, skim, and buttermilk; low fat yogurt, cottage cheese, and other skim milk cheeses; most breads and cereals allowed in the school lunch; dried beans and peas; and chicken, turkey, fish and several cuts of beef and lamb. Of course, dishes that combine these foods, such as banana-skim milk shakes, yogurt-fruit sundaes, blueberry muffins, and lentil-tomato soups, would also be encouraged.

These standards only address added sugar because the level of sugar in the American diet would not be excessive if sugar were obtained only from foods containing naturally occurring sugar. It is preferable from a nutritional point of view to reduce the consumption of foods containing added sugar rather than reduce the consumption of foods containing naturally occurring sugar. While foods containing naturally occurring sugar, such as fruits and milk products, supply other needed nutrients and fiber to the diet, foods containing large amounts of added sugar, such as cakes, candies, pies, and soft drinks, add little to the diet besides calories and/or additional fat and sodium.

Finally, we have recommended that total, rather than added, sodium be considered in setting standards, because the amount of sodium occurring naturally in foods is negligible in comparison to added sodium. Since there is no reason to consider naturally occurring sodium separately, it is preferable to base a standard on total sodium content, so that total levels can be verified by chemical analysis.

USDA has stated that limiting the fat, sugar, and sodium content of competitive foods is impractical because: (1) USDA lacks data on the fat, sugar, and sodium content of foods, and (2) little work has been done to establish appropriate levels for fat, sugar, and sodium in individual foods. We believe USDA has grossly over-stated the disadvantages of this approach, for several reasons.

First, USDA could easily require manufacturers of competitive foods to disclose the fat, sugar and sodium content of their foods, as a pre-condition to the sale of their products in the schools. Second, a number of expert committees, such as the Senate Select Committee on Nutrition, have recommended limiting one's daily intake of fat, sodium and sugar. Because there is an epidemic in the U.S. of heart disease, stroke and tooth decay, caused in part by an excess consumption of saturated fat, sugar and sodium, it is entirely appropriate for USDA to require competitive foods to contain low levels of these nutrients, as recommended on page 8.

USDA has also stated that the Type A meal pattern is an appropriate criterion for determining which foods can be sold in competition with school lunches, because the Type A meal pattern cannot identify individual foods of minimal nutritional value. While we are sympathetic with USDA's attempt to develop a standard for foods of minimal nutritional value, we dispute the focus of their inquiry. In their attempt to identify foods of minimal nutritional value, USDA has proposed a standard which allows unhealthful foods, such as candy, and fortified soda, gum and popsicles, to compete with school lunches. Such a result is the inevitable outcome of a rule based on the amount of nutrients per serving or per hundred calories. USDA's approach does not take into account the major health problems related to diet—i.e. heart disease, stroke and tooth decay.

In contrast, the Type A meal pattern in conjunction with limits on fats, sugar and sodium, identifies a group of foods which are nutritious and healthful. Furthermore, our proposal would help instill in children the sophistication to distinguish between healthful food and foods that pose a risk to their health. Moreover, our proposal helps create an educational environment which furthers and supports the efforts of parents and teachers to instill healthful eating habits in children.

We therefore recommend that the Committee, USDA, and other students at work on the nutritional and dietary goals of this nation give thorough consideration to the proposals we have presented today.

Thank you very much.

STATEMENT OF PEG McCONNELL, NATIONAL SCHOOL FOOD ACTION COMMITTEE, ACCOMPANIED BY BARBARA WARDEN, AMERICAN HOME ECONOMIC ASSOCIATION

Ms. McConnell. Good morning. I am glad to be here.

I am staff for the Statewide Commission on Nutrition which is a Governor-appointed, 15-member citizens commission. Today I am here to represent the National School Food Action Committee which is a coalition of organizations concerned with the quality of foods available in our schools. One of our principal focuses is the issue of the availability of competitive food products.

With me is Barbara Warden from the American Home Economics Association.

Before we get started in talking specifically about some of our concerns, I would just like to say that we really were delighted when Congress passed Public Law 95-166 restoring the Secretary of

Agriculture's authority to regulate those foods sold in competition with school lunch and breakfast programs.

At that time many of us working in the community found that if there was any regulation, it was either nonexistent or it was an ad hoc, haphazard approach toward making decisions of what foods could be sold in competition with the school.

We saw this as an opportunity for developing a systematic approach to regulating the food sold in competition. We were hoping at that time that a framework would be developed that would include the following goals:

One: That we would promote foods that lead to wholesome, balanced diets, and that the regulation framework to promote foods that lead to wholesome, balanced diets and good health, that we would instill good eating habits in children and that it would support the efforts of parents to instill healthful eating habits in their children, and that we would regulate foods that do not make a positive nutrition contribution in terms of their overall impacts on children's dietary habits, such as food that contain excessive level of saturated fat, sodium, and sucrose.

We were disappointed when the proposed regulations came out because of their lack of guidance and assistance at the local level. We felt that instead of developing a comprehensive framework, it focused on the one last area, that of regulating certain foods to be sold in competition that should not be sold in competition with the school lunch program.

We would, however, like to commend USDA in the fact that they did provide regulations that would ban the sale of chewing gum, some candy, soda pop, and frozen ice desserts.

We feel, however, that the regulation does not go far enough in that the comprehensive framework that we were looking for is missing.

In addition, as already has been pointed out by some questions from your panel, there are several problems that have developed because of this proposed regulation. One of the problems that has already been alluded to is the potential problem of fortification of those foods that are on the minimal nutritional value list.

A second problem that may arise is that of education, one in which children may perceive that all foods that are not on the MNV list would therefore provide adequate nutrition and can be eaten in place of the school lunch or school breakfast.

The third problem is that of setting a minimum standard. USDA may be undermining the efforts of State and local groups to eliminate or reduce competitive foods.

While USDA views this as a minimum standard, States frequently interpret the standard as absolute despite its inadequacy.

To address the health and nutrition education needs of the Nation's school children, we therefore propose a stronger and more comprehensive rule, a rule that promotes foods that lead to better diets and health, leads to instilling better eating habits in children, regulate foods that do not make a positive nutritional contribution in terms of their overall impact on children's diets and dietary habits such as foods that contain excessive levels of fat, saturated fat, sodium, and sucrose.

We, therefore, propose that USDA allow only those foods to be sold in competition with school lunches that: (1) are required to be in the type A meal pattern, and (2) contain specified limits on their fat, saturated fat, sugar, and sodium content.

The use of a type A standard would ban the sale of such products as potato chips, cakes, cookies, fruit-flavored drinks, and ice cream, as well as candy, soda pop, gum and popsicles, in competition with school lunches. Thus, a type A standard would eliminate those foods which blatantly violate the principles of nutrition taught by parents, teachers, and USDA.

Adherence to the type A standard has other advantages. The standard was carefully devised to insure consumption of a variety of foods that provide an adequate nutrient intake.

In spite of these advantages, the type A standard alone has one major drawback. It sets no limit on the fat, saturated fat, sodium or sugar allowed in foods. The Department has already urged schools to reduce the sugar, fat, and sodium content of school lunches, although it has not set upper limits.

Therefore, we recommend that limits be set on the fat, saturated fat, sodium, and sugar content of competitive foods, even though foods served in the school lunch program need not yet conform to such a requirement.

Assuming schools heed USDA guidance materials, which recommend reductions in these substances, there should be little difference between competitive foods and those served as part of meals.

Furthermore, setting standards for competitive foods could lay the groundwork for improved school lunch standards by familiarizing students with nutritious foods, and by demonstrating the acceptability of these foods to school administrators.

Finally, it is imperative that the Department set limits, rather than simply encourage schools to reduce the sugar, fat, and sodium content of competitive foods, because individually, it is difficult for local schools to stock vending machines with nutritious foods. These foods are almost always purchased from private suppliers rather than being prepared by school employees.

Alone, no school can create a demand large enough to force suppliers to produce more healthful foods. On the other hand, if all schools are required to stock their vending machines with foods low in fat, sodium, and sugar, suppliers would have a powerful incentive to provide such products.

The need for reduced consumption of fat, saturated fat, sodium, and added sugar has been well documented. Excess consumption of saturated fat and sodium contributes to the nearly 1 million deaths from cardiovascular disease in the United States each year.

In addition, a diet high in added sugar is one of the primary causes of the $3 billion Americans spend each year repairing decayed teeth. A number of expert committees have recommended some or all of these dietary modifications, including the American Heart Association, the Senate Select Committee, the 1969 White House Conference, the 1974 National Nutrition Policy Study, and the Intersociety Report on Heart Disease Resources.

For that reason, we propose that there are set standards to regulate foods that are excessive in saturated fat, added salt, and sugar.

We feel that the type A pattern in conjunction with limits on fats, sugar, and sodium, identifies a group of foods which are nutritious and healthful.

Furthermore, our proposal would help instill in children the sophistication to distinguish between healthful foods and foods that pose a risk to their health.

Moreover, our proposals help create an educational environment which furthers and supports the efforts of parents and teachers to instill healthful eating habits in children.

We, therefore, recommend that the committee, USDA, and other students at work on the nutritional and dietary goals of this Nation give thorough consideration to the proposals we have presented today.

In addition, I would just like to make a further comment from those of us in Michigan.

Some of you were asking questions about the process in which people could petition USDA to either add or subtract a food from the regulated list. We feel that it is important that USDA gives guidance to develop a simple process so that parents and other individuals in the community can easily petition not only USDA but local and State school officials because that has been one of our problems.

There has not been a structure that people understand and can all participate in. So we would also like to recommend that a simple process be developed.

Thank you.

Mr. **Kildee**. Miss Warden, do you wish to add something at this point?

Ms. **Warden**. No; I have no comments to make right now.

Mr. **Kildee**. Thank you very much.

If your standards based upon the type A lunch plus limitations on fats, sodium, and sugar were to be the standards, what type of foods would be permitted in the school vending machines?

Ms. **McConnell**. Well, it would automatically include fruits and vegetables because they are part of the type A meal. It would include milk. It would support fruit juices.

It would also include—well, we are making some recommendations through the transcript which says there may need to be subtle adjustments in the type A meal pattern to include certain other kinds of foods, but basically right now it would include milk products, fruits, and vegetables, and whole grain breads, and protein sources such as cheese because they are part of the type A meal pattern.

What it would exclude would be candies, gum, the lists of foods they have already included, but it excludes them without getting into the difficulty of the potential for fortification because it is based on food items as opposed to nutrients.

Mr. **Kildee**. How would you handle the problem of fortification of foods?

Ms. **McConnell**. Well, I think that that is one of the reasons I have difficulty in terms of the way USDA has set up their standards.

By setting up a minimal nutritional value rather than focusing on foods, you ultimately cannot debate the issue because we get hung up over the difference between fortified vitamin C food and a food that already has the vitamin C in it, where is the difference in terms of the way the body uses vitamin C.

I think it is very important in terms of basing it on foods that we know how the body uses it and the health these foods provide because we are trying to set up an education system for children.

We are not trying to promote our children into eating medicated foods or getting vitamins in a hidden way which is what the fortification does. It says because you are not eating an adequate diet we have had to medicate the diet to assure you get the vitamins you need.

So our recommendation is that we don't get hung up over talking about nutrients but talk instead in terms of foods that provide those nutrients and we talk about a balanced eating pattern to promote better health.

Mr. **Kildee**. You put emphasis on the development of nutritional eating habits?

Ms. **McConnell**. That is right, and reinforcing what parents are trying to do at home. We are looking at what if a child is for one reason or another not going through the school lunch line.

We want to be sure that the foods that are available to that child represent the opportunity to eat a balanced diet, that they can get the fruit or the carton of milk as opposed to choices limited to candy, potato chips, and soda pop which is quite likely if you don't in fact talk about foods that you want to promote.

Mr. **Kildee**. Do you think that perhaps the proposed standards are more clinical and not as educational in direction as they could be? When you are thinking about building nutritional habits, you are in a sense——

Ms. **McConnell**. Yes; we are talking about educational goals, right. I would say that the way that you talk when you look at minimal nutritional value; yes, you are looking at therapeutics, you are looking at what if a person does not get enough nutrition and we want to be sure that they do.

So we look at certain foods in relationship to what they might not provide rather than looking at an education system that assures that people are able to choose a variety of nutritious foods to promote their health and learn how to do that.

Mr. **Kildee**. Thank you very much.

Mr. Erdahl?

Mr. **Erdahl**. Thank you, Mr. Chairman.

Just a followup question on the one that Mr. Kildee just asked, and I see your testimony also is aiming at trying to encourage young people, and I suppose you have to start in the grade school, to start good eating habits because of some of the dangers you point out that we see in society.

How much direct education takes place, let's say, in the classroom, if you are familiar with that, as far as trying to encourage kids to eat nutritious meals? After all, they eat one meal a day at school and a couple of meals another place and this is for 5 days a week, 8 months a year.

Ms. **McConnell**. I think this is another reason we were concerned that you promote an educational environment. At the same time you put this section back into the law you also passed a

Nutrition Education and Training Act and money is now going out to States around the country so that people can develop an integrated nutrition education program for children K-12 as well as children in day care centers.

The feeling is that if you are educating children to choosing a balanced variety diet, a diet full of wholesome foods and you then come to a cafeteria in which the child has the choice between a vending machine that only provides candy, soda pop and potato chips or the school lunch, you may be setting up contradictions in terms of what you are trying to do in this classroom.

So for that reason, that is part of the reason we go back to saying that the cafeteria should also be the learning center, the school hallways should be a learning center. Children should have that variety of schools available.

Mr. **Erdahl**. I take it from listening to your testimony that while you probably agree with what Ms. Foreman said in what the USDA is trying to do, your position is that it is a step but it is not a big enough one?

Ms. **McConnell**. Right. They have not gone far enough. They have regulated some foods we wanted to see regulated, but we would like to see some positive aspects of the regulation.

In their 10-page introduction they talk about, now we will have more fruit juice available and nutritious foods, but there is no where in the regulation itself that encourages that the vending machines have more fruits and vegetables and juices.

So you are right, this is something we would like to see more of.

Mr. **Erdahl**. Thank you very much for your testimony.

Thank you, Mr. Chairman.

Mr **Kildee**. Mr. Kogovsek?

Mr. **Kogovsek**. I don't have any questions, Mr. Chairman.

Mr. **Kildee**. Mr. Goodling?

Mr. **Goodling**. First of all, Ms. McConnell, in the proposed rules it states very definitely say, while no school food school authority may adopt a less comprehensive competitive food policy, any school food authority may develop more comprehensive rules.

It would appear to me that we are working to make sure the minority can somehow push their clout and their views that they are not able to go through the democratic process to do by getting some kind of legislation from on high to do that.

For instance, the best two class A selling lunches in York or Lancaster County is, Dutch mashed potatoes, a lot of filling, gravy, lima beans, chocolate milk, and some ice cream. They might throw in some cranberry sauce so they have something to dump into the trash and don't get out of the routine.

I would hate to think that something from Washington could determine in those local communities what is good, wholesome nutrition and what is not. You cannot bring this about.

You see, you have every opportunity to go much beyond these rules and regulations. Your pressure from the community can do all that. Why should we have to sit down here, then, and legislate to your local community. You have that opportunity. They are not telling you you have to stick to what they say. They are saying you cannot do anything less than what they are saying.

I know you say that school boards are too busy. But, they do react to whatever the pressure of the community is if the majority are providing that pressure.

Ms. **McConnell**. In the State of Michigan now the State has legislation that is being looked at that would in fact regulate the foods sold in competition with the school lunch and breakfast program.

If that bill gets passed, we would be looking for guidance on how you determine which foods will be regulated. People are looking for an overall standard, something people have really looked into and followed.

If USDA comes up with a standard, I am sure our State will be very likely to just follow the standard as established by USDA for their own rules.

Mr. **Goodling**. But what happens to the local areas that have different groups who believe differently about child nutrition?

Ms. **McConnell**. I think the advantage of the type A meal pattern was that it was established that different ethnic groups could provide different patterns. So if you happen to like beans and rice, it is just as easy to get the nutritional diet through a meal, including beans and rice, as it is through, say, a hamburger and lima beans and an apple.

You can develop your type A meal pattern in such a way that the variety of foods that we are accustomed to eating from each of our own ethnic preferences are in fact included in this diet. That is why I like that because it is focusing on something that we have already established, that people know and that people are using.

Mr. **Goodling**. Now, the four things you list on page 4, you list, instill good eating habits in children. Who are you saying will do that?

Ms. **McConnell**. We are saying the framework should be developed in such a way to be sure that one of the things we are trying to do is instill good eating habits in children.

Mr. **Goodling**. Who is doing that, instilling these good eating habits in children?

Ms. **McConnell**. By the types of food that the school makes available in their hallways

Mr. **Goodling**. So you are saying the school will do that, instill those good eating habits?

Ms. **Warden**. Mr. Goodling, I would like to talk about it from the point of view of the American Home Economics Association. Many of my members are teachers in the secondary schools and in some cases the middle schools and the elementary schools.

One of the things that I have discussed with many of my members is that they see a working relationship between what parents want for their children and what the school is in a position to implement and carry along further.

So the schools in many cases, since they are responding to the needs in the community and the requests and the desires of the parents in the community, are providing some form of nutrition through the classroom.

Other home economists work in the school lunchrooms themselves and that is another means of presenting nutrition education as an extension of what the parents want.

So it is not as though there is a usurping of the power of the parents prerogative over the parents interest by the school. It is very often where I have talked with my own members and been out in the community that it is a combination of parents and teachers working together on behalf of the children.

Mr. GOODLING. That was my whole emphasis, on local action rather than action from Washington, D.C.

Ms. WARDEN. Yes; but our sentiment is that the Federal Government does have a role in this. I don't think any of us want to see a Federal policy that would obviate any kind of diversity or variety or local initiative.

But I do think that there is a role for the Federal Government in setting some kind of leadership in an area like this where we are concerned about the health of children.

I don't think any of us would say we are not concerned about the health and nutritional well-being of children. There is a role of leadership for the Federal Government as well as working in concert with local communities.

Mr. GOODLING. I just want to make sure that the majority voice is heard in the local community rather than a minority voice or a voice from on high which is Washington, D.C. They give you that opportunity in their proposal. They very definitely give local constituency that opportunity.

Ms. MCCONNELL. I think that is again why we need some guidance from USDA in terms of developing a process by which local parents and other community individuals can in fact petition school officials to add or delete foods to the regulated list.

Right now what happens is that it is very fragmented. Some have a method of petition and some don't. So parents don't even know how to go about beginning to work with their school boards and principals and superintendents to make some of these changes.

So I think that is a guidance that we could have.

Mr. GOODLING. You say that is true in 1979?

Ms. MCCONNELL. In some school communities; yes. You have to cover all of America.

Mr. GOODLING. If I sound somewhat cynical, as you know, as I indicated before, for 22 years I watched the school lunch program. I know very well that it depends on who is behind the serving counter doing the serving, how friendly they are. I had schools where they ate simply, they took everything simply because they didn't want to disappoint the lovely women behind the counter. I had others where they dreaded going into the cafeteria.

You can get carried away. When you are mass cooking, what is nutritional about cooked spinach in a 50-gallon vat? If you drained the juice and served that, there is no question it would probably be a very nutritional additive for that day. But, turning the spinach onto the plate and leaving the juice in the pot that has been cooking for 2 hours is not.

So it is not a simple thing to go into one health class and hear one person and go into another and hear something totally different from what I will hear in the next health class, depending on individual preferences and concerns.

Every day we learn foods that we once thought were the best are not. Now they are no-noes and tomorrow they become yes-yeses again. You get confused about that. The nutrition bit is becoming a real problem because no one is quite sure, I don't believe, any longer what a nutritional meal is.

Ms. **Warden**. I think we do know what a nutritional meal is not. I think we could all sit here and say a nutritional meal does not consist of a candy bar, a package of gum, potato chips, and soda to wash it all down.

Mr. **Goodling**. I have to talk from personal experience. I have two youngsters who are perfectly healthy who never eat school lunches, but they do eat some of the other things you have been talking about at lunch time. But they have a very fine breakfast and a very fine dinner in the evening. I don't know whether that is bad or not.

Ms. **Warden**. Well, I am sure your children are very healthy.

Mr. **Goodling**. I have no other questions.

Mr. **Kildee**. Mr. Miller?

Mr. **Miller**. I have no questions.

Mr. **Kildee**. We appreciate, Ms. McConnell and Mrs. Warden, your testimony this morning.

The committee will stand adjourned, subject to the call of the Chair.

[Whereupon, at 10:53 a.m. the subcommittee adjourned.]

[Addition material submitted for the record follows:]

Department of Agriculture,
Office of the Secretary,
Washington, D.C., September 10, 1979.

Hon. William F. Goodling,
House of Representatives,
Washington, D.C.

Dear Congressman Goodling: Thank you again for your recent letter regarding the sale of foods in competition with the National School Lunch and School Breakfast Programs. This is in further response to your comments.

1. Uniform terminology

Many commentors have brought to our attention the concern that the definition of a "food of minimal nutritional value" is confusing. We will clarify this definition and term in the final rule.

2. Outside advice

Your second question concerns the Secretary's intention to seek outside advice, but we would like to address, first, your description of the manner in which foods will be evaluated. While the proposed standard is concerned with an evaluation of the nutrient density of a food, that is, the relationship of nutrients to calories in a 100 calorie portion of the food, it is not based only on a nutrient density analysis. The standard specifies that a food must also be evaluated in terms of the nutrients in an average portion of the food as it is commonly served.

The proposed rule states that the Secretary will approve or disapprove individual foods for competitive sale on the basis of the pecific standard development by the Department, to define foods of minimal nutritional value. The Department has proposed one specific standard that can be applied to all foods. It is not necessary, therefore, to seek the advice of disinterested third parties in regard to the approval or disapproval of individual foods. In developing the proposed standard, however, we recognized that the advice and counsel of members of other agencies who had approached similar health and nutrition-related problems was very valuable. As we reported in the preamble to this regulation (II, D), activities undertaken in the rulemaking process did include meetings between the Department's staff and representatives of other agencies.

3. Additional findings, and 4. Updated information

The section in the preamble to the proposed rule entitle "Indertification of Foods of Minimal Nutritional Value" (II, D) defines the procedure by which foods will be evaluated after persons request that the Department review individual foods. There is no mention in this section of the future evaluation of foods undertaken on the Department's own initiative because the four categories of foods of minimal nutritional value that are identified in the proposed regulation are representative of our own initial evaluation. We do recognize, however, that the food supply is not static. It is possible that there will be a need to evaluate other foods in the future. For this reason we have proposed to make provisions for the evaluation of individual foods. Although we plan to rely on concerned parties to bring to our attention any foods in need of evaluation, we would not preclude evaluation of foods the Department learns about independently.

Provisions will also be made to ensure that local School Food Authorities are updated on changes in the list of the foods designated as being of minimal nutritional value. Section III, D also states that the Department will amend Appendix B, entitled "Foods of Minimal Nutrition Value" by May 1 and November 1 of each year. At these times the Department will communicate the changes to the public.

5. Time and place

The concerns you mentioned regarding time and place were also raised by the Honorable Carl D. Perkins, Chairman, Committe on Education and Labor. We have enclosed a copy of our response to him in hopes that it will answer your concerns.

For your easy reference, a copy of the proposal is enclosed. If you have any further questions, please feel free to contact us.

Thank you for your interest in school nutrition programs.

Sincerely,

CAROL TUCKER FOREMAN,
Assistant Secretary for Food and Consumer Services.

Enclosures.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C., July 25, 1979.

Hon. CAROL TUCKER FOREMAN,
Assistant Secretary of Food and Consumer Services,
U.S. Department of Agriculture, Washington, D.C.

DEAR MS. FOREMAN: I appreciated the opportunity to hear your testimony on July 12, 1979, regarding the USDA proposed rules for competitive food sales. Although the time constraints were such that a more detailed analysis was not possible, your testimony and comments were most helpful.

I would like to pose some follow-up questions on issues which are of great concern to me and which we were unable to thoroughly discuss on July 12. I have requested that this letter and your subsequent response be incorporated not the permanent hearing record.

1. Uniform terminology

Does the USDA plan to issue the final rules with the current confusing definition of food of "minimal nutritional value"? The definition used in various parts of the proposed rules ("A food of 'minimal nutritional value' (MNV) is defined as one which does not have 5 percent of the USRDA for at least one of eight specified nutrients on a 100 calorie basis and on a serving size basis) is explicit and, if used consistently throughout the proposed rules, certainly would help clarify the matter. See especially pages 32, 34, 39, and 50 in the copy of the proposed rules distributed to Members of our Committee.

2. Outside advice

In exercising his authority to either approve or disapprove individual foods for competitive sales based on a nutrient density analysis, does the Secretary intent to seek the advice and counsel of knowledgeable and "disinterested" third parties—such as the FDA, the National Academy of Sciences, or the Federal Trade Commission?

3. Additional findings

Am I correct in assuming that the Department will amend Appendix B (the list of banned foods) only on the basis of evaluations of specific foods generated by requests from concerned petitioners or will the Department amend this Appendix on the basis of evaluations of foods undertaken on the Deparment's own initiative?

4. Updated information

How does USDA plan to *ensure* that local school food authorities are updated on changes in the list of foods designated as being of minimal nutritional value?

5. Time and place

On what basis in law does the Department extend its restriction on foods of MNV to cover the entir school from the beginning of the school day through the last lunch period? As you know, in granting the Secretary of Agriculture the power to regulated the sale of competitive foods, the law merely states that ". . . Such regulations shall not prohibit the sale of competitive foods approved by the Secretary in food service facilities or areas during the time of service of food . . ." Since the legislative language on its face refers to the "food service facilities or areas during the time of service of food" in reference to the sale of foods permitted by the Secretary, I am curious as to the Department's rationale for extending the ban on foods of MNV beyond the scope of the only definition of time and place incorporated in the statute.

Thank you for your cooperation. I look forward to your response.

Sincerely,

William F. Goodling,
Ranking Minority Member,
Subcommittee on Elementary,
Secondary, and Vocational Education.

January 26, 1979.

Hon. Carl D. Perkins,
Chairman, Committee on Education and Labor,
House of Representatives, Washington, D.C.

Dear Mr. Chairman: Thank you for your recent correspondence on behalf of Mr. James R. Tufts of Pikeville, Kentucky, concerning the "competitive food" regulations proposed in response to provisions in Public Law 95-166.

As you are well aware, in September of 1972, Congress, through Public Law 92-433, rescinded the statutory authority provided to the Department of Agriculture to regulate the sale of food items in competition with the programs (granted under Public Law 92-248) authorized under the Child Nutrition Act and the National School Lunch Act. In enacting this provision, Congress did not intend to eliminate totally all limitations on competitive food services in program schools. Rather, it was the intent to shift responsibility for the control of such competitive food services to State and local officials. Therefore, program regulations were amended to allow State and local agencies to establish such rules on competitive foods as they deemed necessary, as long as the profits of the sales inured to the benefit of the school or to school affiliated and approved student organizations.

Public Law 92-443 was interpreted to provide complete autonomy to State and local authorities in the determination of their policies with regard to the types of foods allowed to be sold and when and where they could be sold. State and local officials were permitted by the legislation to establish any rules on competitive food services, as long as they did not permit the operation of "for profit" food service specifically prohibited by the law. As such, State and local officials could and did exercise the ability to regulate such sales in and outside of the school cafeteria and its environs during the meal services, as well as throughout the entire school day.

As you are aware, in passing Public Law 95-166, a number of Members of Congress cited testimony from segments of the scientific and medical community including physicians, dentists, nutritionists, dieticians and public health workers, urging that Federal regulations be mandated for competitive foods. While it is true that States and localities currently have the authority to establish their own policies on such food sales, only a few have been able to successfully prohibit the sale of so called "junk foods" in schools.

The passage of Public Law 95-166 reasserted the Secretary's authority to regulate competitive foods. The law reads:

". . . Such regulations shall not prohibit the sale of competitive foods approved by the Secretary in food service facilities or areas during the time of service of food under this Act or the National School Lunch Act if the proceeds from the sales of such foods will inure to the benefit of the schools or of organizations of students approved by the schools."

Under this section the Secretary is authorized to promulgate regulations governing service of competitive foods. The Secretary's authority to regulate competitive foods is limited only in that he may not prohibit the sale of approved competitive foods sold in food service areas and facilities during the time food services authorized by the National School Lunch Act and the Child Nutrition Act are operational if the proceeds from such sales inure to the benefit of the school or school organizations. No other restrictions are recited in the legislation.

In addition, the practical effect of an interpretation such as Mr. Tufts suggests would be to render the statutory provision rather null and void. If competitive foods were to be available in all parts of the school except the cafeteria area, it is hard to imagine how any of the objectives of the statutory provision could be met. At any time a child could purchase foods which compete with the child nutrition program—up until the moment he or she walked into the cafeteria area. By that time, however, the child may have satiated his/her appetite on non-approved competitive foods and may have spent available resources at counters or vending machines in different parts of the school building.

Of at least equal concern are the nutrition education considerations raised by competitive foods. As you so forcefully noted on the House floor during debate on P.L. 96-166, nutrition education and "competitive foods" are inextricably linked. You observed that: "The nutrition education amendment provides for grants to State education agencies, at the rate of 50 cents for each child enrolled in schools and institutions, to undertake a variety of educational endeavors aimed at providing students with instructions on the nutritional value of foods and the relationship between food and health. This program goes hand in hand with the provision regulating competitive food service. It would be totally inconsistent to provide nutrition education on the one hand, and to permit on the other hand, the sale of food offerings which were totally contrary to the teachings of nutrition education." (Congressional Record, October 27, 1977, H11669-70)

The consumption of non-approved competitive foods in the halls or study rooms or social areas would seem to contradict the objectives of the newly established $26 million nutrition education program.

The Department's April 1978 proposed regulation approved all competitive foods except those in four food categories: candy, soda water, frozen deserts, and chewing gum.

During the open public comment period (April 25 to June 30, 1978) we received over 2,100 comments from students, parents, teachers, school administrators, nutritionists, dentists, medical professionals and other concerned citizens. Eighty-two percent of the commentors were in favor of the Department's proposed regulation. Of those in favor approximately 40 percent suggested expanding the proposal to restrict more food items and/or lengthening the restrictions to beyond the last lunch period. Only 18 percent of the commentors opposed the proposal. The basic objection was to a federal rule of any kind, with many expressing the opinion that a competitive foods policy should be left to the local school districts.

In view of the fundamental questions raised by commentors both in favor and opposed to the proposal, the Department has determined it necessary to provide for additional opportunity for comprehensive public participation in the rulemaking process. Therefore, we have withdrawn our earlier proposal and are planning to hold a series of public meetings on the competitive foods issue in late January and February of 1979. A copy of the withdrawal and a notice of public meetings is enclosed.

Through these meetings we wish to allow all interested parties to publicly air their concerns about the sale of competitive foods in schools. We hope to gain further insight and ideas as well as technical information on the subject to assist in the development of a new proposed regulation on the sale of competitive foods.

Until new final rules are issued, schools will continue to operate under existing regulations which allow State and local authorities to adopt and enforce their own competitive foods policies. Of course, each school or school district can have a stricter policy than their State or Federal rule. We will continue to encourage local schools to work toward a lunch program that has each child's nutritional well-being as its first goal.

We thank you for your continuing interest in and support for Child Nutrition Programs. Please assure Mr. Tufts that all comments received will be given full and serious consideration in the development of final regulations. We will send Mr. Tufts a copy of the regulations when they are finalized.

Sincerely,

Carol Tucker Foreman,
*Assistant Secretary for Food
and Consumer Services.*

Enclosure.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C., June 20, 1978.

Hon. BOB BERGLAND,
Secretary of Agriculture,
Department of Agriculture, Washington, D.C.

DEAR BOB: This letter is in reference to the proposed rule which appeared in the Federal Register, April 25, 1978, to regulate the sale of foods in competition with the school lunch program. Mr. James R. Tufts is very concerned about the scope of the ban, and has written me a letter on the subject, which I have taken the liberty of enclosing.

As you know, I am in full support of the provision in Public Law 95-166 giving to the Secretary of Agriculture the authority to approve foods which are sold in competition with the national school lunch program. I feel every effort should be made by school food authorities, whether they be local school personnel, local school boards, or State regulating bodies, to protect the integrity of the school meal offered under the Act; a very natural and effective step to encourage consumption of the school meal is to ban from lunchroom facilities and corridors in the vicinity of the service of school lunch, the sale of competitive foods that are not approved by the Secretary, but I regard the proposed rule expanding the geographical area of the ban on non-approved foods to the entire school premises as vastly more inclusive than the language of the statute which covers only "food service facilities or areas". . .

I will appreciate your comments on the proposed rule, with particular reference to the basis for your decision to use the expanded area of "school premises" when the law limits the ban to "food service facilities or areas".

Sincerely,

CARL D. PERKINS, *Chairman.*

OVERSIGHT HEARINGS ON THE CHILD NUTRITION PROGRAMS

Identification of Low-Income Children in School Food Programs

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WEDNESDAY, OCTOBER 17, 1979

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2175, Rayburn House Office Building, the Honorable Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Miller, and Goodling.

Chairman **Perkins**. Just show a quorum will be present right away.

Today, the Subcommittee on Elementary, Secondary and Vocational Education is resuming its oversight hearings on the child nutrition programs. Today and tomorrow, the subcommittee will be looking at problems related to the identification of low-income children in the school feeding programs.

On October 30, 31, and November 1, we will be examining the administration's proposal to cut back the Federal subsidy for paying students and the impact of this proposal on the school lunch program. Then, depending on the House schedule, we will either continue our hearings until adjournment, or wait until the House reconvenes in January.

In turning our attention to today's hearing, there are presently over 10 million low-income children participating in the school lunch program. Back in 1978, the Congressional Budget Office projected that there were over 19 million children who were eligible to receive free and reduced-price meals. How many more are actually eligible today we can't be sure.

In my mind, if there is one child going without a nutritious lunch because he does not want to be identified as poor, we have a serious problem. And if there are children who are now participating and being singled out because they are receiving free and reduced-priced meals, it is a disgrace.

I want to say to the interested parties that for many years we have struggled with this identification problem and felt, even back as early as 1967 and 1968, that we had found ways to cure the problem, but evidently we have not.

That is why we are here today, first to learn the extent of the problem of identification of poor students, and second, to look at what can be done.

It has always been my hope that one day every child that is entitled to a free lunch will be eating one. I have also felt we ought to have a universal program, but being realistic, I know that is not in the cards. I have been a long-time advocate of a universal free lunch program. But it seems that if the administration and Budget Committees are trying to cut back on what we have now, this may be a long time down the road. Therefore, we must work within the boundaries of what we have now in order to make these programs as effective as possible. And if discrimination does exist in the lunchrooms, this is where we should begin.

Our witnesses are Ms. Ann Zeller, associate director, Ohio Hunger Task Force, Dr. George Jackson, chairman, Social Action Committee, National Association of Black Psychologists, Ms. Barbara Bode, president, The Children's Foundation, accompanied by Ms. Margaret Lorber, director, School Food Advocacy Project, The Children's Foundation. We will start with the testimony of Ms. Zeller.

It is a great pleasure to welcome all of you. Go ahead, Ms. Zeller.

STATEMENTS OF ANN ZELLER, ASSOCIATE DIRECTOR, OHIO HUNGER TASK FORCE; DR. GEORGE JACKSON, CHAIRMAN, SOCIAL ACTION COMMITTEE, NATIONAL ASSOCIATION OF BLACK PSYCHOLOGISTS; BARBARA BODE, PRESIDENT, THE CHILDREN'S FOUNDATION, ACCOMPANIED BY MARGARET LORBER, DIRECTOR, SCHOOL FOOD ADVOCACY PROJECT, THE CHILDREN'S FOUNDATION

Ms. **Zeller**. Mr. Chairman, members of the committee, I am Ann Zeller, from Columbus, Ohio.

Chairman **Perkins**. Without objection, all the prepared statements will be inserted in the record.

[The prepared statement of Ann Zeller follows:]

Prepared Statement of Ann Zeller, Associate Director, Ohio Hunger Task Force

Mr. Chairman, members of the committee, I am Ann Zeller from Columbus, Ohio. I am employed as Associate Director of the Hunger Task Force of Ohio and serve as the chairperson of the Alternative School Advisory Council to the Columbus City Schools.

The Hunger Task force is an anti-hunger advocacy organization established ten years ago to work on long-range solutions to the hunger problem. Our primary focus has been to advocate for position changes in the systems designed to provide food for low income people. We are involved in monitoring programs, conducting outreach activities, meeting with current and potential participants to identify problem areas, and negotiation with administrators to bring about necessary changes. I would like to speak today to our concerns related to the school lunch and breakfast programs.

While we have recently expanded to become a statewide organization, most of our work has been concentrated in the Columbus-Franklin County area. We have worked cooperatively with the school administration since 1972. There are 152 schools in the Columbus City system. Columbus was the first large city in Ohio comply with the Ohio School Breakfast Mandate. Currently the breakfast and lunch programs are offered in all 152 schools. The administration does not tolerate violations of regulations; when a violation is reported to the school food service director, he does see that it is corrected. The ticket system used by the Columbus City

Schools is acceptable to the U.S.D.A. However, even in a system this well operated, there are a number of problems.

Let me give you a few statistics from the Columbus City School system. The number of free and reduced-price lunches served to elementary students averages 18,791 per day; for junior and senior high students the average is 6,287—or about one-third. The average for paying students at the elementary level are 10,1[illegible]; for junior and senior high school students, 4,649—almost half. The drop in participation among children participating in the free and reduced-price program is one that has been of concern to the Hunger Task Force for several years.

In an attempt to determine the cause for this, Hunger Task Force staff and volunteers have visited several junior and senior high schools, spoken with students, and observed the cafeteria lines. As a result of the information obtained through these activities we believe that the major cause of the reduction in participation is the identification of low-income children. Parents have told us that their children would rather go hungry than be identified by their peers as a free lunch recipient.

At the elementary level all children have the same lunch and the payment by those children who are not receiving free lunches is handled randomly, so that the children do not know who pays and who doesn't.

At the secondary level, however, identification of those children who receive free or reduced-price lunches is fairly easy. While the tickets for the "Type A" lunch are available to the paying students, in reality they are not used. Low-income children use tickets; other children use cash. Low-income children must take three of the five components of the Type A lunch; other children may choose anything they like, including the competitive foods offered in the cafeteria.

It is our belief that identification will continue to be a problem as long as cash is collected in the cafeteria and a la carte selections are offered.

Several options for providing lunches without identifying low-income children are possible if cash payment and a la carte food are eliminated and, we believe, should be considered.

The first option that I'd like to present is the punch card system which has been used in some Ohio schools. With this system, numbered cards with one month's meal prices are issued to students in the school office. The child's name and the number of his/her ticket are recorded on a master list. Paying students pay the total amount printed on the ticket; low-income children are given the tickets or pay a reduced price. The cafeteria cashier punches the ticket and records the number; the list of numbers is sent to the office where they are compared to the master list. Only the clerk who keeps the records knows which children are paying and which children are not.

A second possibility is that of billing the parents monthly. The cafeteria cashier simply records the names of children participating daily and sends this list to the clerk. At the end of each month the parents are billed for the meals that their children have eaten either at the full or reduced price rate; nothing is sent to the parents of those children who receive free lunches. Again, no one except the clerk knows which children are paying and which are not.

A final option is the use of daily lunch tickets which can be purchased or picked up in the school office. In this system there is a separate ticket for each day although a week's supply can be picked up at one time. The tickets are numbered and the clerk records the child's name and the number(s) of the tickets are recorded. The tickets are turned in each day in the cafeteria and then sent to the office where they are checked against the master list. Again, only the clerk knows which children are paying and which are not.

The common factor in all these methods are that all transactions are handled by one person in the school office that a la carte and competitive foods are not available, and that there is no identification of students because the tickets, if they are used, are all alike.

The question of choice has been raised by some when the preceding options have been suggested. It is our belief that a variety of plate lunches can be offered. The school food service director in Milwaukee offers various plate lunches and has more than a 90 percent participation rate. A school food service director in Georgia offers eleven different plate lunches including vegetarian lunches and has a high participation rate. Further, most elementary children are not given choices of foods in the school meals program, yet have a much higher participation rate than do secondary students. If there is a commitment to offering nutritionally balanced meals to all children, then the use of a la carte and competitive foods seems inconsistent. Also inconsistent is the requirement that all schools provide nutrition education while non-nutritious foods are offered in the cafeteria. To suggest that students ought not buy them because they are not nutritious is ludicrous, since some school food service directors maintain that the sale of competitive foods is necessary in order for their programs to break even financially, and, thus, encourage the sale of such items.

I'm sure that other systems which do not identify low-income children will be presented in these hearings. Regardless of which option or options are accepted, I would like to stress that as long as children receiving free or reduced-price meals are required to use tickets and to take "Type A" meals while a la carte and competitive foods are available and other students may pay cash for anything they choose low-income children will be identified by their peers.

As I stated earlier, Columbus does have a good program, a program that meets all U.S.D.A. standards and is in compliance with regulations, yet we have hundreds of children who are not eating because they would rather go hungry than let their peers know they are poor.

We in Ohio have come a long way from red wristbands and children shouting "free" as they went through the cafeteria lines, but we still have a long way to go to assure that every child has access to nutritionally adequate meals and will not be so embarrassed by the system used that they would rather be hungry.

STATEMENT OF ANN ZELLER, ASSOCIATE DIRECTOR, OHIO HUNGER TASK FORCE

Ms. **Zeller**. Mr. Chairman, I am the associate director of the Hunger Task Force of Ohio and I also serve as chairperson of the Alternative School Advisory Council to the Columbus Public Schools.

The Hunger Task Force, by way of background, is an antihunger advocacy organization that has been in existence for 10 years. It was established to work on long range solutions to the problem of hunger.

One of our major concerns has been school lunch and breakfast programs. We have been working cooperatively with the school system in Columbus since 1972, when the school lunch program existed in 16 schools and there was no breakfast program. There are 152 schools now in the Columbus district. All of them serve both school lunch and breakfast.

Columbus was the first major city in Ohio to implement the Ohio school breakfast mandate and also the only large city to have the school breakfast systemwide. The administration has been very cooperative. They will not tolerate violations of the regulations. The particular system that is used in that school district is one that is acceptable to USDA.

What I want to point out today is that, even in a school system where the regulations are very carefully followed and where there is a real commitment on the part of the administration to the school lunch and breakfast programs, discrimination still exists.

In Columbus, there are on an average 18,700 free and reduced-price school lunches and breakfasts served to elementary school children today. At the junior and senior high schools the average is 6,087—about one-third. So two-thirds of the children who participate in the elementary level don't participate once they get to junior and senior high.

In the elementary schools, all the children receive the same meal; there is no difference, and the ticket system is one that is done very randomly. The children pay the teachers when they have the money, sometimes in the morning. There is no formal system that separates the children receiving free and reduced-price meals from those that pay.

At the secondary level, however, the meals are served cafeteria style. Those children who receive free or reduced price lunches have to take the type A lunch and they use a ticket to pay for it. Those children who pay can choose anything they want in the cafeteria line and pay cash at the end.

Now, the problem that we have run into is that the tickets are available to anyone who wants to buy them so the children can buy them if they want to, but in reality they don't buy them. Those who have the money pay for it.

We have interviewed a number of junior and senior high students and their parents, and the sense is that most of those children would rather go hungry than allow their peers to see them using the ticket, because they know that if they are using tickets they are poor.

We believe that as long as cash is used in the cafeteria and a la carte and competitive food is offered on a cafeteria line there is no way to eliminate discrimination of poor children. So I would like to present some options that we feel are possible for collection procedures that will not discriminate against children. They are all based on the premise that a la carte and competitive foods would be eliminated from the cafeteria line, however, and that no cash would be used in the cafeteria.

The first is a punch card system, which has been used in some Ohio schools and in Ohio schools it has been used for years. With this system, the child either purchases or is given a punch card with 20 amounts punched on it. One for each meal price. This is done in the school office. The cards are numbered consecutively and the child's name and number are recorded in the office so that only the clerk knows whether the child paid or whether the child was given a free lunch ticket.

At the end of the month those cards are returned to the office and they are checked off, so that they can keep records of the number of free and reduced-price meals that were served, but at the same time don't identify the children.

A second one that has been used, although it is a little more difficult, I think, is billing the parents. The cafeteria worker simply records the names of all the children who go through the lunch line each day. Those names are sent to the office. At the end of the month the clerk in the office either bills the parents for the amount, whether it be full price or reduced price, or in the case of children receiving free lunches, simply discards those. So they are billed for actual numbers of lunches that their children have eaten. Again, the cards are all alike.

The final one that I would like to suggest is the use of daily tickets, and these can be picked up on either a daily or weekly basis. The same kind of system is used. The clerk records the numbers of the tickets given to the children and the names of the children. The cards are turned in in the cafeteria each day, sent back to the office, and they are checked against the list to determine how many free and reduced-price meals were served, so that the reimbursement can be done.

Any one of those systems allows all of the children to use the same kind of token in payment and also allows or requires that only one person know which children are paying and which children are receiving the free or reduced price lunches.

Again, I would like to reiterate that we don't believe it is possible to avoid discrimination as long as a la carte foods and competitive foods are permissible on the lunch line.

When we have discussed this in the past with a variety of people the question of choice has always been raised. We believe that you can serve a variety of plate lunches and that you can still meet the type A lunch requirements and make the foods attractive and vary them enough that children will participate in the program.

The school food service director in Milwaukee offers a variety of plate lunches and has over 90 percent participation, and in Georgia in one of the school districts there are 11 plate lunches offered everyday, including vegetarian lunches and lunches for children on special diets, and the participation there is very high also.

So we don't believe that children suddenly when they go into seventh grade need to have a la carte foods offered, need to have the competitive foods offered. I don't think that their tastes change that much over one summer—particularly given the high rate of participation at the elementary level.

The other thing that I would like to add—again this relates to the competitive foods—but one of the complaints that we have received from parents and students alike is that the schools are now required to provide nutrition education, which is great, except that when they go to the cafeteria line the non-nutritious foods are offered. And to say that children ought to choose only the nutritious foods because they are being taught about nutrition really doesn't make much sense, because the school food service directors tend to push the competitive foods in our system, and in other systems in Ohio they have indicated that if they don't sell the competitive foods they can't break even on the cost.

So on the one hand we are teaching children that they ought to eat nutritious food and on the other offering them and encouraging them to buy foods that are non-nutritious, and again only those children who have the money to pay for those foods.

I am sure that you are going to hear about other systems during these hearings, and regardless of which ones are accepted, I would again like to stress, with a la carte, with competitive foods and with cash in the cafeteria, it is very difficult to avoid discriminating against low-income children.

I do think that our position has been, as you had mentioned earlier, that the ideal solution to this is the universal free meals, and not only does that eliminate discrimination, it also certainly reduces paperwork and a lot of the administrative burden that teachers and principals now have as a result of the school meals program.

I would agree that it is not realistic at this point, but I don't think it is something that should ever be forgotten. I think it is a goal that should be worked toward.

As I indicated earlier, Columbus does have a good program, it does meet the USDA regulations, it does have a fairly high participation rate, but we still have hundreds of children who would rather go hungry than let their peers know that they are low income, and we have come a long way in Ohio from the red wristband and children shouting "free" as they went through the line. Those were a couple of ways that were used as recently as 2 years ago to identify free lunch children.

But we still have a long way to go before children in Ohio are participating at the rate they should be and are receiving the free and reduced priced meals that they are entitled to.

Chairman **PERKINS**. Before we ask the other two to testify, I would like to ask you one question.

Assuming that the administration was to succeed in its efforts to cut back on the reimbursement for paying students in the school lunch program, the committee has received testimony heretofore predicting that a significant number of paying students would drop out of the program in many schools.

My question is, do you feel that a decrease in the paying students participation would serve to further frustrate this issue of the identification of low-income students?

Ms. **ZEILER**. Yes, I think it certainly would. That is a situation that does exist with the breakfast program because currently very few paying students have breakfast in Columbus, Ohio. Some students who can't afford to pay and probably should be buying their breakfast at school won't because they don't want to be identified as being poor. Only poor kids eat breakfast is kind of the way it seems. So that, I think, would hurt the program.

The other thing is in a system like Columbus, which is in very, very bad financial shape right now, if we don't have the paying students participating, that program won't break even.

The only reason that our board of education has been so willing to really expand the program to the extent they have is because it doesn't cost the system anything. If the Columbus public school system has to start paying part of that cost, it is going to be cut back, because we don't have the money to pay for it.

Chairman **PERKINS**. Thank you.

Our next witness is Dr. George Jackson from the Social Action Committee. You may proceed in any way you want.

STATEMENT OF DR. GEORGE JACKSON, CHAIRMAN, SOCIAL ACTION COMMITTEE, NATIONAL ASSOCIATION OF BLACK PSYCHOLOGISTS

Dr. **JACKSON**. The Association of Black Psychologists is an organization of black psychologists which is national, and we have 22 chapters throughout the country. We have a membership of 600 psychologists, which probably doesn't seem like very much but when you consider that there aren't many more black psychologists than that in the country, you can see that we perhaps speak for better than two-thirds of the black psychologists in this country.

In any event, our interest in the school lunch program is obvious, I think. We certainly see the relationshhip between nutrition and mental health, and we haven't conducted any studies ourselves, but when the issue came up before the executive committee, in talking with our regional chapters, the issues of labeling were of sufficient note to have the association ask that its social action chairman come before you.

We kind of have a feeling that this ought not to be necessary, this kind of testimony, because teachers and school administrators know the kind of information that has been generated by social scientists over the past 30 years regarding the impact of labeling. But somehow it seems that the public school system is perhaps sometimes a more obstinate system than other systems in doing the kinds of things which they could do without tremendous effort that would in essence make their own tasks easier.

Very often, organizations will develop habits and they will develop lethargic practices based on the kinds of ways they did things and negate the possibilities that accrue to them for future action that would make their own tasks easier. Thus, it seems that in spite of the fact there has been a plethora of information available to the editors running labeling, nonetheless, many of them still do not take these kind of actions, so I think something is going to have to be done by this committee.

We would urge this committee to use its good offices to perhaps do something with the Department of Agriculture to get the law implemented.

Over 30 years of research has generated information regarding labeling. In essence, what has been found by social psychologists over the past 30 years is that strong labels, such as poverty, carry with them a number of stereotypes and connotative meanings beyond the term poverty, and that when people are labeled, whether this label is inadvertent or whether the label is taken directly, people begin to many times behave in a manner commensurate with the expectations of that label. The label sets up a kind of norm and the norm carries with it a standard of expectations and people begin to conform to these expectations.

So you have, in the case of poverty, there are people who are labeled poor, all kinds of behavioral activities, such as low motivation aspirations, inability to delay gratification, all those things which may sound like platitudes but which are real kinds of behaviors on the part of children.

Similarly, about 30 years of study with teachers indicates that not only do people who are labeled behave in a manner commensurate with their expectations but that people who see people labeled come to expect a certain kind of behavior from individuals who are in particular categories. They will behave in a way which will in fact tend to elicit this kind of behavior. If the behavior isn't elicited, very often a conflict will develop between themselves and persons who are labeled.

Now, surely I am not here to suggest that the identification of children is going to generate a whole norm and be responsible for the lowering of achievement, et cetera. What we are suggesting, though, is that this, among other variables where we are dealing with people who are in low socioeconomic groups, does bring about the kind of culture of poverty, if you will, which does play a role in negating the possibility of sound education and sound mental health.

What we are saying is that this is a variable which can be controlled. There are many variables apparently which cannot be controlled which impact on poor people, but this variable can be controlled, and since it is a controllable variable, it would seem that we ought to be about the business of controlling it.

Another piece of psychological information is the whole attitude in this country which has been studied regarding poverty. Studies of public welfare over the past 30 years indicate that there is a tendency upon the general public to blame the victim, if you will, so that when children are labeled poor, very often unwittingly other children are not very kind to them, and so as a previous speaker said, very often you find the children would rather go hungry than take the food.

I think the essence of what we are saying is that there is something that can be done about this particular variable, this particular negative impacting variable, on people's mental health. There are so many variables that we don't have control over, but if in fact systems can be developed, and obviously systems can be developed which can make it possible for children not to be identified, certainly these systems should be put into effect.

In so doing, I think the behavior of children will be altered, the whole school climate could be improved, because in order to execute these kinds of systems that we are talking about, increased incentives by both the administration and teachers would accrue.

Thank you.

[The prepared statement of Dr. George Jackson follows:]

PREPARED STATEMENT OF GEORGE JACKSON, PH. D., CO-CHAIRMAN, SOCIAL ACTION COMMITTEE, NATIONAL ASSOCIATION OF BLACK PSYCHOLOGISTS

We regard this process of identification as injurious to the mental health of the nations children and urge the Committee to use its good offices to have the Department of Agriculture bring pressure to bear on the District to take measure to cease the process of identifying children who receive free lunch.

Children who receive free lunch should have total amenity, thereby protecting their dignity and preventing them from being labeled and stigmatized.

Psychologists, particularly those working in the realm of social psychology, have conducted a number of studies which focus on this issue of concern to us.

It has been found thru numerous investigations that children when they are (labeled) identified behave in a manner commensurate with that generated by the stereotypes of that label. In this country to be poor is to be wrong. To be poor is to be an underachiever. To be poor is to be in many ways not as good as the more fortunate child who can afford the lunch. Thus we see children who are poor given reinforcement to behave as the stereotype of poverty dictates.

Studies by psychologists suggest that not only do people behave in accordance with expectations but that people will behave toward others consistent with their expectations from that group. Thus teachers behave toward poor children in a manner consistent with the teachers expectations. We must add that teacher expectation and behavior toward poor children have been documented over and over again by identifying children who receive free lunch. Both teacher and pupil are in a position to behave in accordance with the abovementioned norms. It is in this culture of teacher and student expectancies that our Association feels breeds potential lowering of self esteem, lowering of academic performance, lowering of aspirations and other psychological phenomena leading to overall negative behavior.

Clearly identification of children would not in itself cause massive alterations in behavior. It is however one of the valuables which does, in our judgment, lead to negative behavior and what is more important a valuable which can be controlled. There appear to be many valuables which impact on the mental health of poor children which cannot be easily controlled. This valuable of identification however, is within our province to control. It should give us some optimism to know that it would be possible to feed children and take steps to protect their mental health as well.

There are other objections which we could urge against the practice of the identification of children who receive free lunch. Poverty in this country is viewed with scorn and all too often the victim of poverty is blamed for her/his own improverishment. Numerous studies indicate that persons on welfare are held in contempt by their more fortunate peers. Children with their poorly developed ability to think relativelistically are often unwittingly cruel to children who are viewed as being poor. We could continue citing objections and studies upon which these objections are based. The point should be clear however that children deserve to receive the nourishment from these lunch programs anonymously. They should all be able to eat together as equals. We urge the Committee in The Year of the Child to bring the free lunch program into line with sound mental health practices.

Chairman **Perkins**. Thank you very much. You have been very helpful.

The next witness is Ms. Barbara Bode.

STATEMENT OF BARBARA BODE, PRESIDENT, THE CHILDREN'S FOUNDATION, ACCOMPANIED BY MS. MARGARET LORBER, DIRECTOR, SCHOOL FOOD ADVOCACY PROJECT, THE CHILDREN'S FOUNDATION

Ms. **Bode**. Mr. Chairman.

Chairman **Perkins**. Go ahead, and we thank you for being here this morning. You are accompanied by Ms. Lorber?

Ms. **Bode**. Yes.

Mr. Chairman and members of the committee, my name is Barbara Bode and I am president of The Children's Foundation. We are the oldest and largest national anti-hunger advocacy organization in the country and for the past 10 years we have monitored Federal child nutrition programs.

I am also pleased to be representing the National School Breakfast Coalition, a group of 500 organizations, all committed to ending discrimination in the school food programs as they stated in their petition to this committee requesting that these hearings be held. We thank you for holding them.

Obviously, the school food programs have an important contribution to make to the health and wellbeing of the Nation's children. That is indeed what is said in the beginning of the School Lunch Act.

But unfortunately, the discrimination against low-income children and the education of needy children is undermining the worth of these programs.

In just the past 1½ years The Children's Foundation has heard complaints of discrimination from Massachusetts, North Carolina, Ohio, Colorado, Oklahoma, Illinois, Pennsylvania, Mississippi, Indiana, Maine, Minnesota, Montana, the District of Columbia, Kentucky, Texas, Alabama, and Michigan.

In Maine, earlier this year, the State school food director became so concerned about the drop in free and reduced price participation in the high schools that she sent out this notice to all school administrators, asking for suggestions as to ways in which they could improve their practices to protect the anonymity of needy children.

This past January we got a letter from a parent in South Bend, Ind., and I am going to read parts of it to you simply because it will illustrate I think very well a variety of the problems that we are here talking about today.

She said,

> Our family qualifies for reduced price lunches. . . . In my daughter's elementary school, reduced price and free lunch children get a weekly ticket on Monday only. Regular price—which I still contend is also subsidized though not by as much—children have the option of buying by the day or by the week. They get a nickel discount for the week if they buy a weekly ticket but it isn't required as it is for the reduced price children. When I discussed this with the principal, saying I felt it was a discriminatory practice, he could not see wherein it was discriminatory. The

argument for not allowing daily purchase by reduced price children was the increased paperwork for teachers. Isn't it the same amount of paperwork whether the price is 15 cents or 40 cents?

In the high school situation all students buy a five meal ticket in the office. When they have used it up, they turn in the old ticket and buy a new one. It doesn't have to be done on Monday, it can be done any day of the week. The office is the only one who knows what was paid.

In the middle school the situation is different again. This year all lunch tickets are handled by the cafeteria staff. Lunch tickets are sold on a weekly basis and are not redeemable if lost. Students losing tickets must purchase meals on a daily basis—meaning full price—or bring a sack lunch.

My son tells me the permanent tickets are laminated and the reduced ones are marked with a red line. Now, I ask you, is this not illegal, and if so, what can we do about it?

It is clearly illegal and the letter illustrates several things. First—and I think it is an important point—the fact that all school meals are subsidized by the Federal Government is still not generally acknowledged by school officials nor known by parents.

Second, school administrators may be completely insensitive to the ways in which students and parents feel discriminated against by food program collection procedures.

Third, in one school district many different procedures appear to be in operation including some which are specifically prohibited by law and others which actually do protect the anonymity of the free and reduced price meal participants.

The Governor's Office on Nutrition in Michigan reports the illegal practice of using marked meal tickets on the Upper Peninsula and the southeastern part of the State.

In Lee County, Ala., some schools set up separate tables in the hallways where students receiving free, reduced price or full price meals can pick up or buy their tickets. The elementary schools collect money in the classroom by calling the paying students to the front of the room first, followed then by the students receiving reduced price and free meals. The Alabama Hunger Coalition tells us that the State school food agency has shown no interest in working with schools to correct this situation.

In Warren County, Miss., a few different systems are in use, all of which discriminate against students participating in the free and reduced price meals programs, according to a low-income parent whose children are in school there. One of the schools issues semester lunch passes only to those children receiving free lunch.

Another school, again, only the students receiving free meals are assigned an ID number which they give when they go through the line so that their names can be checked off on a list. All other children simply pay for their lunches in the line. Many high school students in Warren County have chosen not to eat rather than be identified as poor.

Overt identification has also marred the beginning of a pilot breakfast program in Harrisburg, Pa. earlier this year. As I am reading this, I must say, Mr. Chairman, you mentioned earlier that in 1968 we heard about this, in 1970 we heard about this, that the fact that we are here today talking about these same things over and over again is, I think, just appalling.

But in any case, in Harrisburg, the teachers were cutting breakfast tickets out of colored construction paper—orange for free meals, blue for reduced price, and white for paying. The children carried their tickets to the cafeteria where they dropped them in cups marked "free," "reduced price," and "paid." When a community worker mentioned this problem to the principal he threatened to drop the program. She decided it would be better to drop the subject.

The same community worker reported that parents who are eligible to apply for free and particularly for reduced price meals for their children often refuse to do so because they don't want their children to be embarrassed. A typical case, she said, was that of a bank clerk in Harrisburg who earns a little over $12,000 a year and has five children. He absolutely refused to fill out an application even though it could have saved the family $450 for the school year.

Indeed, one of our staff people was living in Mississippi and at the time was on welfare, refused to allow her children to get free meals because they were being identified, they would be identified in the schools.

In Helena, Mont., the same situation is reported. Filling out the school lunch free and reduced price application form is equated with applying for welfare. One principal there has decided to try to do something about this by changing the application form from a lengthy officious looking document to a simple 1-page statement which makes very clear that all meals are federally subsidized and that those children from families with lower incomes are entitled to meals that are more highly subsidized.

Those of you who were here in 1970—I guess that is only you, Mr. Chairman—will recall that you stated specifically in your committee report that application forms were to be short and simple and clear.

It is probably unnecessary to prolong this recitation of horror stories. By now those of us gathered here today are aware of the problem. Overt identification of low income children participating in the school food programs was specifically prohibited in the 1970 legislation and yet, nearly 10 years later it is still widespread. It embarrasses children and psychologically harms those who continue to participate. Equally devastating, it discourages many children from participating altogether.

What is most distressing, however, is that it is not only illegal, it is unnecessary. As we have heard today, some schools have managed to administer the programs with sensitivity and success in protecting the anonymity of needy children. There are collection procedures that work.

My purpose and hope in coming before you today is to ask for your help and your consideration of ways in which this problem of a decade of discrimination against needy schoolchildren can be solved.

In 1970, the Congress in its wisdom, anticipated the possibility of discrimination and so it wrote the law with clarity and specificity. In 1975, the Congress amended the law to make it even clearer. I know there is no need to read it to you all.

The Federal regulations reiterate these points and the free-and-reduced-price-policy guidance materials published by USDA illustrates collection procedures schools can use to protect the anonymity of the needy child. In spite of this, we estimate that over half of the schools in this country are practicing some form of overt identification. Why is this?

There are many reasons. One of the most important ones is that there has not been a will to succeed. And the families, those most affected by the failure of these policies, generally have been afraid to speak out.

Complaints of discrimination from low-income parents are not received warmly by most school administrators. The Agriculture Department, although well aware of the problem, appears to feel it can't be solved and has not yet been forced to act by any great public outcry.

There seems to be an attitude prevalent among many of the nonpoor in this country that if a child is hungry enough he or she will eat, no matter how the meals are provided and regardless of the indignity involved. In this way, as in others, children are blamed for the poverty they were born to. We preach equality and human rights but we give poor people a hard way to go. It is as if we believe that to be poor is un-American.

Admittedly, changing such attitudes among people who equate poverty with laziness or lack of ambition is an enormous undertaking and may never be accomplished. Therefore, we must look for mechanical steps that ameliorate the effects of these attitudes. For example, there are things that can be done to eliminate the obvious kinds of discrimination against needy children who participate in the school food programs. In order to do so certain principles could be declared:

1. Any system that allows the paying student to pay by the day in the cafeteria while requiring the student participating for free or at a reduced price to obtain weekly or monthly tickets, is discriminatory. Additionally, as long as money is changing hands in the cafeteria, children from low-income families will be identified.
2. Classroom collection overburdens the teacher and invites overt identification. It is virtually impossible to safeguard the anonymity of children needing free or reduced price meals when this method is used.

If these two principles were accepted by all schools—no cash in the cafeteria and no payments in the classroom—a giant step would be taken toward the protection of needy children from public identification and discrimination.

In addition, something must be done to correct the blatantly illegal procedures being practiced in so many schools such as the use of different colored tickets or tokens, posted lists, public self-identification, refusal to replace lost tickets, and so on.

The Department of Agriculture considers these violations to be program malfunctions, and therefore offers by the Civil Rights Division of the Food and Nutrition Service to get involved have been refused. Consider the language on page 6 of FNS Instruction 113-1 for Title VI: Civil Rights Compliance and Enforcement:

> Program Division Directors shall assure that FNS programs are administered in a manner that prohibits discrimination and eliminates institutional barriers that may limit participation or deny equal access by eligible persons.

Low-income children are being kept out of the school food programs because of institutionalized practices which cause them to prefer hunger over stigmatized participation. Granted, low income is not a racial, religious, or ethnic identity, but it is the characteristic of a much-discriminated-against minority. And often, this economic minority is heavily populated by racial, ethnic, or religious minorities.

The national school lunch program has been with us for more than 30 years. Overt identification of the low-income children who needs so desperately to participate has festered and burgeoned over the years despite the law and in defiance of the clear congressional intent. The program division of FNS has preferred to maintain its myopia and, only when forced, then treats the problem on a case-by-case basis.

We would like to recommend that this problem merits continued emphasis. The Food and Nutrition Service has its own Civil Rights Division that could assist in developing a system for monitoring the protection of the anonymity of children receiving meals free or at a reduced price. Monitoring is vitally important at this time because so many schools are using illegal collection procedures that humiliate children.

However, just as important as monitoring is the dissemination of information regarding collection procedures that do not discriminate. The Free and Reduced Price Policy Handbook, put out by the Department, describes several acceptable procedures, but very few people ever see that publication.

Some school districts around the country have successfully instituted a universal free lunch program, but we agree with you that any national universal free lunch program is obviously not something that we can see in the near future. We feel the Department of Agriculture should do everything within its power to inform State and local school officials as to methods of obeying the law.

This is the International Year of the Child, and it is an appropriate time, we feel, to launch a campaign that will put an end to discrimination against needy children participating in the school food programs.

Chairman Perkins and members of the committee, I ask you on behalf of all of us here testifying today and folks who will testify tomorrow, to redouble your efforts of the past 10 years to insure that children who need school meals the most receive them in dignity and not with discrimination.

[The prepared statement of Barbara Bode follows:]

Prepared Statement of Barbara Bode, President, the Children's Foundation

Mr. Chairman and members of the Committee, my name is Barbara Bode and I am President of The Children's Foundation. We are the oldest and largest national anti-hunger advocacy organization in the country and for the past ten years we have monitored federal child nutrition programs. With me today is Margaret Lorber, Director of our National School Food Advocacy Project.

I am also pleased to be representing the National School Breakfast Coalition, a group of some 500 organizations, all committed to ending discrimination in the School Food Programs as they stated in their petition to this committee requesting that these hearings be held.

The School Food Programs, when viewed in their broadest context, have a very important contribution to make to this country's health and welfare. Not only can they provide all children with the energy they need to work well at school, but they can also mean a lifetime of better health and greater productivity. Unfortunately, as you have begun to hear this morning, discrimination against low income children is undermining the worth of these programs.

In just the past year and a half The Children's Foundation has heard complaints of discrimination from Massachusetts, North Carolina, Ohio, Colorado, Oklahoma, Illinois, Pennsylvania, Mississippi, Indiana, Maine, Minnesota, Montana, the District of Columbia, Kentucky, Texas, Alabama and Michigan.

In Maine, earlier this year, the State School Food Director became so concerned about the drop in free and reduced price participation in the high schools that she sent out this notice to all school administrators:

"One reason for poor participation is that those students who qualify for free or reduced price meals do not want their peers to know that they are receiving free meals. This is evidenced by the big drop off in percentage of free and reduced price meals at the high school as compared to the elementary and middle school level within a community or district. This situation is not easy to deal with. If you have come up with an idea that works for you we would like to know about it so we may share with others."

We received a well written letter last January from a parent in South Bend, Indiana, which sheds light on many different aspects of the problem. I would like to share with you a few excerpts from that letter:

"Our family qualifies for reduced price lunches. . . . In my daughter's elementary school, reduced price and free lunch children get a weekly ticket on Monday only. 'Regular' price (which I still contend is also subsidized though not by as much) children have the option of buying by the day or by the week. They get a nickel discount for the week if they buy a weekly ticket but it isn't required as it is for the reduced price children. When I discussed this with the principal, saying I felt it was a discriminatory practice, he could not see wherein it was discriminatory. The argument for not allowing daily purchase by reduced price children was the increased paper work for teachers. Isn't it the same amount of paperwork whether the price is 15 cents or 40 cents?

"In the high school situation all students buy a 5 meal ticket in the office. When they have used it up, they turn in the old ticket and buy a new one. It doesn't have to be done on Monday, it can be done any day of the week. The office is the only one who knows what was paid.

"In the middle school the situation is different again. May I quote from the November 1979 parent news bulletin:

" 'This year all lunch tickets are handled by the cafeteria staff. Lunch tickets are sold on a weekly basis and are not redeemable if lost. Students losing tickets must purchase meals on a daily basis (meaning full price) or bring a sack lunch. We are no longer loaning money to students. Students on free lunches have tickets assigned to them on a permanent basis. These tickets will not be replaced when lost or damaged.'

"My son tells me the 'permanent' tickets are laminated and the reduced ones are marked with a red line. Now I ask you, is this not illegal, and, if so, what can we do about it?"

This letter illustrates several things. First, the fact that all school meals are subsidized by the federal government is still not generally acknowledged by school officials nor known by parents. Second, school administrators may be completely insensitive to the ways in which students and parents feel discriminated against by food program collection procedures. Third, in one school district many different procedures appear to be in operation including some which are specifically prohibited by law and others which actually do protect the anonymity of the free and reduced price meal participants.

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Overt identification has also marred the beginning of a pilot breakfast program in Harrisburg, Pennsylvania, earlier this year. Teachers were cutting breakfast tickets out of colored construction paper—orange for free meals, blue for reduced price and white for paying. The children carried their tickets to the cafeteria where they dropped them into cups marked "free," "reduced price" and "paid." When a community worker mentioned this problem to the principal he threatened to drop the program. She decided it would be better to drop the subject even though she overheard exchanges like, "How come your ticket is orange?" "That's because he's poor."

The same community worker reported that parents who are eligible to apply for free and particularly for reduced price meals for their children often refuse to do so because they don't want their children to be embarrassed. A typical case, she said, was that of a bank clerk in Harrisburg who earns a little over $12,000 a year and has five children. He absolutely refused to fill out an application even though it coould have saved the family $450.00 for the school year.

In Helena, Montana, the same situation is reported. Filling out the school lunch free and reduced priced application form is equated with applying for welfare. One principal there has decided to try to do something about this by changing the application form from a lengthy officious looking document to a simple one page statement which makes very clear that all meals are Federally subsidized and that those children from families with lower incomes are entitled to meals that are more highly subsidized. Those of you who were here in 1970 will recall that Chairman Perkins stated specifically in his Committee report that application forms were to be short and simple.

It is probably unnecessary to prolong this recitation of horror stories. By now those of us gathered here today are aware of the problem. Overt identification of low income children participating in the school food programs was specifically prohibited in the 1970 legislation and, yet, nearly 10 years later it is still widespread. It embarrasses children and psychologically harms those who continue to particpate. Equally devastating, it discourages many children from participating altogether.

What is most distressing, however, is that it is not only illegal, it is unnecessary. As we have heard today, some schools have managed to administer the programs with sensitivity and success in protecting the anonymity of needy children. There are collection procedures that work!

My purpose and hope in coming before you today is to ask for your help and your consideration of ways in which this problem of a decade of discrimination against needy school children can be solved.

In 1970, the Congress, in its wisdom, anticipated the possibility of discrimination and so it wrote the law with clarity and specificity. In 1975, the Congress amended the law to make it even clearer. Section 9(b)(2) of the National School Lunch Act now states:

"No physical segregation of, or other discrimination against, any child eligible for free or reduced price lunch under this paragraph shall be made by the school nor shall there be any overt identification of any such child by special tokens or tickets, announced or published list of names of by any other means." (Pub. L. 94-105 89 Stat. 513 Oct. 7, 1975)

The Federal regulations (§ 245.8) reiterate these points and the Free and Reduced Price Policy guidance materials published by USDA illustrates collection procedures schools can use to protect the anonymity of the needy child. In spite of this, we estimate that over half of the schools in this country are practicing some form of overt identification. Why is this?

There are many reasons. The most important one is that there has not been a will to succeed. And the families, those most affected by the failure of these policies, generally, have been afraid to speak out. Complaints of discrimination from low income parents are not received warmly by most school administrators. The Agriculture Department, although well aware of the problem, appears to feel it can't be solved and has not yet been forced to act by any great public outcry. There seems to be an attitude prevelant among many of the nonpoor in this country that if a child is hungry enough he or she will eat, no matter how the meals are provided and regardless of the indignity involved. In this way, as in others, children are blamed for the poverty they were born into. We preach equality and human rights but we give poor people a hard way to go. It's as if we believe that to be poor is un-American.

Admittedly, changing such attitudes among people who equate poverty with laziness or lack of ambition is an enormous undertaking and may never be accomplished. Therefore, we must look for mechanical steps that ameliorate the effects of these attitudes. For example, there are things that can be done to eliminate the obvious kinds of discrimination against needy children who participate in the school food programs. In order to do so certain principles could be declared.

"Any system that allows the paying student to pay by the day in the cafeteria while requiring the student participating for free or at a reduced price to obtain weekly or monthly tickets is discriminatory. Additionally, as long as money is changing hands in the cafeteria, children from low income families will be identified.

"Classroom collection overburdens the teacher and invites overt identification. It is virtually impossible to safeguard the anonymity of children needing free or reduced price meals when this method is used."

If these two principles were accepted by all schools—no cash in the cafeteria and no payments in the classroom—a giant step would be taken toward the protection of needy children from public identification and discrimination.

In addition, something must be done to correct the blatantly illegal procedures being practiced in so many schools such as the use of different colored tickets or tokens, posted lists, public self identification, refusal to replace lost tickets, and so on. The Department of Agriculture considers these violations to be program malfunctions and, therefore, offers by the Civil Rights Division of the Food and Nutrition Service to get involved have been refused. Yet, a sound argument can be made for treating this as a civil rights problem. Consider the language on page 6 of FNS Instruction 113-1 for title VI Civil Rights Compliance and Enforcement:

"Program Division Directors shall assure that FNS programs are administered in a manner that prohibits discrimination and eliminates institutional barriers that may limit particiaption or deny equal access by eligible persons."

Low income children are being kept out of the school food programs because of institutionalized practices which cause them to prefer hunger over stigmatized participation. Granted, low income is not a racial, religious or ethnic identity, but it is the characteristic of a much discriminated against minority. And often, this economic minority is heavily populated by racial, ethnic or religious minorities.

The National School Lunch Program has been with us for more than 30 years. Overt identification of the low income children who need so desperately to participate has festered and burgeoned over the years despite the law and in definance of the clear congressional intent. The program division of FNS has preferred to maintain its myopia and, only when forced, then treats the problem on a case-by-base basis. To cite a letter from an FNS administrator to one of our staff members:

"On occasion, we learn of a violation of this requirement either through our monitoring effort or through notification from a concerned party. When this occasion arises, a review is conducted and follow-up action is initiated to assure that compliance is achieved . . . However, we believe that it is not possible to completely protect the identity of free and reduced price meal recipients, and our findings indicate that any administrative system can break down without continued emphasis."

We would like to recommend that this problem merits continued emphasis. The Food and Nutrition Service has its own Civil Rights Division that could assist in developing a system for monitoring the protection of the anonymity of children receiving meals free or at a reduced price. Monitoring is vitally important at this time because so many schools are using illegal collection procedures that humiliate children.

However, just as important as monitoring is the dissemination of information regarding collection procedures that do not discriminate. The Free and Reduced Price Policy Handbook put out by the Department describes several acceptable procedures, but very few people ever see that publication. Some school districts around the country have successfully instituted a Universal Free Lunch Program and in doing so have eliminated overt identification of low income participants. Yet no one has heard about these successes. The Department should be doing everything within its power to inform state and local school officials as to methods of obeying the law.

I want to end by reading to you one of my favorite quotes from a study we published last fall entitled "Barriers to School Breakfast." this was a statement made to our field investigator by Richard Miller, the State School Food Director in the state of Oregon:

"What a great opportunity we have. So many programs in this nation are missing that point and missing this opportunity, it's a shame. This should be one of our national objectives. We have the greatest opportunity in the world because we have the best medium to create the kind of climate in school food where a young woman or a young man can enjoy a little dignity at mealtime. And if we don't use it, shame on us."

What more appropriate time than the International Year of the Child to launch a campaign that will put an end to discrimination against needy children participating in the school food programs. Chairman Perkins, members of the Committee, I ask you, on behalf of all of us here testifying today and for the sake of America's children, to redouble your efforts of the past ten years to ensure that the childrn who need school meals the most, receive them with dignity, not discrimination.

BLATANT DISCRIMINATION RETARDS SCHOOL FOOD PROGRAMS

Widespread discrimination against low-income children eligible to participate in the federally subsidized school food programs will be the focus of Congressional oversight hearings sponsored by the House Subcommittee on Elementary, Secondary and Vocational Education on October 17 and 18 in Room 2175 of the Rayburn House Office Building, beginning at 9:30 a.m. both days.

"Illegal collection procedures and identification problems embarrass and may pshchologically harm children who participate free or at reduced prices in school lunch or breakfast programs," said Barbara Bode, President of The Children's Foundation. "Equally devastating, discrimination discourages many children from participating altogether."

In 1946 Congress legislated the National School Lunch Act to provide nuturitious food for all children. In 1970 the Act was amended to provide free or reduced price meals for children from low-income families. The amendment also guaranteed that children receiving free or reduced price meals would not be treated differently from those who pay the regular price for their meals.

Despit this amendment and new regulations the problem of discrimination persists. It is estimated that over half the schools in this country practice some form of overt identification of low-income children, limiting participation in the school food programs by those children who need the programs most.

For example, in many schools students receiving free, reduced price and full price meals have different colored tickets. Other schools publicly identify students by calling out the names of those receiving free or reduced price meals. And in still other schools, only those students who receive free or reduced price maeals have meal I.D. cards. If a student loses a card, the student does not eat for the rest of the semester.

"Such illegal procedures are unnecessary," said Bode. "Many schools manage to administer the food programs with sensitivity and success. There are collection procedures that work. Low income children are kept out of the school food programs because they prefer to go hungry rather than be labeled poor by their classmates, their peers and techers."

The oversight hearings were called in response to a petition from the National School Breakfast Coalition, a group of over 500 organizations and individuals working to expand and improve the School Breakfast Program. Those testifying in the hearings include: The Children's Foundation, a national anti-hunger organization, the National Association of Black Psychologists, the Kentucky Council of Churches, the National Child Nutrition Project and the Ohio Hunger Task Force.

Chairman PERKINS. Let me compliment you on your statement.

The committee will now recess for about 10 minutes. We will go over and answer the quorum and come right back for questions.

Thank you very much.

[A brief recess was taken.]

Chairman PERKINS. Ms. Zeller, I asked you one question this morning concerning the impact of deleting 5 cents on the reimbursement right on your school lunch program, and you discussed the effect it may have on the free and reduced price program, in Michigan.

Would you explain a little more fully this effect?

The reason I want to ask you that question is that I am for the strongest free and reduced price lunch programs we can possibly obtain. I also agree strongly with your viewpoint that we have got to have a strong regular school program.

Ms. **Zeller**. As I mentioned, the participation in the breakfast program is not very high, partially because it's new, but another major factor is that most of the children who participate are poor.

Until there are more regular paying students participating in the breakfast program all of the children who are eligible for free and reduced price meals won't participate because they don't want to be identified as being poor.

If there is a reduction in the reimbursement for the regular priced lunches at both, well, at any level, I think that there will be fewer children buying their lunches. More children will be taking their lunches in Columbus, particularly now, because we are under a desegregation order, so very few children can go home for lunch anymore.

More children will be taking their lunches which means that, again, those children who are receiving free or reduced price meals will be the majority of children getting those meals, and just by virtue of that they will be identified as being poor.

When I had talked about the financial situation before, I am not sure it creates a situation where either the price of the meals has to be increased to make up for the lost subsidy or the school system has to pick up the difference. Many of the school systems in Ohio have had substantial increases in the costs, and that has reduced the participation of regular paying students in some schools already.

If there is an additional cost added, that would presumably reduce participation even more. I just think that it is important to have as many paying students participating as possible so that it does not become a situation like the breakfast program currently is, where virtually everyone who is participating is poor, and because they are participating, everybody knows they are poor.

Chairman **Perkins**. Mr. Goodling?

Mr. **Goodling**. I don't really have any questions, Mr. Chairman. I have one or two comments.

Ms. Zeller, on page 2 of your testimony, I need one more figure in order to add any kind of legitimacy to your observations. I would have to know the size of the student population both times. After 23 years in this business, it's very obvious to me that there is a greater dropout rate and a greater work rate among the people you are talking about. So, I would need to know that figure.

Ms. **Zeller**. The total enrollment of the schools?

Mr. **Goodling**. Yes; when you are talking about them, not only the total enrollment of the population you are comparing here, but I would have to know when they were elementary students and when they were junior and senior high school students. When you go to a one-third and a half, there is also a big difference of the youngsters who remain in school and those who did go to work.

Mr. **Zeller**. I have the total population for the school system. I can get that information.

Mr. **Goodling**. I would like to have it. It adds legitimacy to your figures.

Ms. **Zeller**. With the paying students, the Columbus school system, the junior and senior high is operated on an open campus system, so the children can leave during the lunch hour. What we have found, particularly in those schools that were in the past in upper income areas, there was little participation at lunch, because most of the children left and bought their lunches outside the school system as opposed to doing it in any other way. But I will get the figures for the total.

Mr. GOODLING. You can understand what I am driving at. On page 4 of your statement you said: "Further, most elementary children are not given a choice between the school meals program, yet have a much higher participation rate than do secondary students."

Do you have an alternative to doing away with a la carte, et cetera. Again, during 23 years of experience, we did everything under the sun to try to encourage secondary participation. No, their tastes don't change all that much; but, oh, my, their sophistication in the 20-minute lunch period, they are not going to give up 20 minutes of their lives if that is all they are going to have.

We tried to expand the time, so I hope you can come up with some other alternative. Just different plates, I don't think, is sufficient.

Now, Ms. Bode, as far as your testimony is concerned, I think you took a different approach in that basically you are saying let's enforce the laws that are on the book, and I would agree wholeheartedly with that.

I am not here to say that I have the answer on how you do that. A lot depends again, of course, on the administrators who are running the school. It wasn't easy for me originally, because the man in charge of free lunches and reduced lunches was one of those who was thoroughly opposed to giving away anything. Therefore, his knuckles had to be cracked.

There was one question I had where you were talking about a gentleman in Pennsylvania. You did not say, although later on you talked about the kinds of forms, that it was an undesirable form. I couldn't tell whether it was a case where he refused to fill a form which creates a problem.

Ms. BODE. First of all, I would like to say when you first joined the committee, we were really delighted because of your experience as a school administrator, and that sort of thing, because it's important to us that we can talk to people who understand.

I was talking at that point about a principal in Helena, Mon., who felt that the application form was so complex and looked like such an official document.

Mr. GOODLING. But the illustration you used was the gentleman in Harrisburg with five children.

Ms. BODE. Sorry, that was another paragraph.

Mr. GOODLING. You didn't say whether he refused to fill it out.

Ms. BODE. He just refused.

Mr. GOODLING. Let's say you have a very simple form. You have to know what the family's income is to make the decision.

Ms. BODE. I am sorry. I didn't speak very clearly. In Harrisburg the situation with the man who was the bank clerk and refused to apply had nothing to do with the application form. What it had to do with, and when I mentioned to one of our staff people who also experienced this, what it had to do with was not being willing to go through a certain embarrassment as adults themselves, but not being willing to place their children in a situation in which they would feel embarrassed and publicly identified.

Mr. GOODLING. I was associating the two, and I can see where a lengthy form and so on, but somehow or another the person who is responsible for making sure they are legitimately receiving what they are supposed to be receiving would have to have something.

How do we get around his case, and what do we do for that gentleman?

Ms. BODE. What we do, I think, for the man in Harrisburg is, and it's a suggestion I would like to make to the committee, that we have got to somehow make the Department of Agriculture look at the fact that the law is not being obeyed is a real problem, and maybe one thing that you all could do, and we would hope that you might, is to send a letter to the Department saying very clearly we expect you to explore ways in which this law can indeed be implemented and followed and ask them to report back to you.

Mr. GOODLING. Let me pursue that. I am still not quite clear.

He refused to fill out this application. Was it because he had the price, or was it because he thought the way it would be administered would be embarrassing to his children? It wasn't the application that was embarrassing to him?

Ms. BODE. No, it was not the application, but it was because of the fact the children were being identified in the Harrisburg school with these different colored tickets and that is just so specifically prohibited in the language of the legislation as well as in the language of the regulations.

Mr. GOODLING. How about when everything is the same on the ticket except 227, 228, 229?

Ms. BODE. My experience, and I have not worked as recently as our school project director has, but my experience over the past more than 12 years of working with these programs has been that as long as that is not obvious, if it's just a shift of numbers, as long as you don't have all of the kids getting free lunches with the numbers all ending in zero, say, or all beginning with 1, and for reduced price beginning with 2 or regular price beginning with 3, as long as there is a sensible approach taken we would not object.

Mr. GOODLING. Now, I understand, but I thought you were putting the Harrisburg gentleman in a position where he refused to fill out a form because it was a form.

Ms. BODE. No; I agree.

Chairman PERKINS. Will the gentleman yield?

Mr. GOODLING. Yes.

Chairman PERKINS. It seems to me that the school lunch administrators should be more careful to follow the law. If they want to ignore that law, they have got no business trying to administer a school lunch program.

Ms. BODE. Hear hear.

Mr. GOODLING. My staff member heard from people in our State who complained that one of the problems they run into is many times these mandates are sent out but there is really no training from USDA or wherever it should come from to tell them how these things should be done. We should look at this possibility to make sure uniform guidelines are established throughout the United States. That leadership should come from USDA.

Chairman **Perkins**. We would not have to go that far. If you take the number 2,001 and let it run up to 2,200 for the regular program then the free lunch and reduced price numbers could follow. It could be a simple situation, if just somebody would give it a little thought.

Mr. **Goodling**. When you look at the whole testimony of all of these folks, some help, some guidance and some training perhaps from USDA would make sure that one school would not be different from another.

I am not one that is usually calling for uniformity or Federal legislation, but I think that probably in this program there is a legitimate cry for assistance. Many times we get the regulations, and we have no idea what the regulations really mean, even though we wrote the legislation. Perhaps this is an avenue we should look at so at least they would not have the excuse that they didn't know.

Ms. **Bode**. You are very right about the lack of training and guidance. There is the free and reduced price policy guidelines.

Mr. **Goodling**. A lot of school districts in which there is no one particularly responsible. That is one of the responsibilities of some other assistant superintendent who has 32,000 other responsibilities in the district.

Where there is some one person responsible, you have a different thing. Many small districts would not have an individual. It would just be one of their many jobs, so that is something we probably should look into.

Thank you.

Chairman **Perkins**. I thank you, Mr. Goodling.

Let me ask the panel a question. You have all related incidents of the identification of low income students in school. I would like to know if there has been any analysis made on the scope of this problem across the country. At the same time, to give us your suggestions to remedy the problems of discrimination and poor children. Go ahead, Ms. Zeller.

Ms. **Zeller**. I am not really sure of the scope of the problem nationwide, because I have dealt entirely with Ohio, and more specifically with Columbus. So I really can't answer that question.

I did present three alternative collection procedures and I am sure there are others. These are the three that have worked in various places in Ohio. I just have to reiterate, I wish there were a way that we would have a la carte meals and at the same time allow or prohibit any identification of low-income children.

I don't think that is possible. It's something the Columbus school administration has been very willing to work with us on, and we have tried a number of different systems, and as long as there are different kinds of food available to paying and nonpaying students, there is no way to avoid that discrimination.

So I think the punch card system, billing or the daily cards that are turned in with only one person knowing who is paying or isn't paying, are probably the least discriminatory systems that I have heard about.

Beyond that and universal free meals I really don't know of another solution.

Chairman **Perkins**. All right; let's hear from Dr. Jackson on that question.

Dr. **Jackson**. I can't address in terms of a systematic study, but what was interesting to me is when our executive committee which has persons from the West Coast, California, Chicago, midregion and from the metropolitan area of New York, when we began discussing this, and they began contacting their local chapter chairpersons, each chapter chairperson reported out that they had encountered problems in this area, so as I said during my testimony, we don't have any hard data on it, but in terms of the soft data it would appear that there is a difficulty throughout the Nation, and it does not appear to be confined in any particular area that I know of.

In terms of recommendations, I would agree with the suggestion that came up that we think there needs to be, first of all, some indication to people that there are systems that do work.

I think that perhaps a packaging of the systems that can work should be put together; but then I think something else has to happen.

I think that someone or some group or some mechanism has to be developed to indicate to school administrators that the policy of identification is immoral, and someone has to make this very clear.

Once this is made clear, perhaps then the training using the package of possible models can be set up, but I don't know that simply giving models to people who have been unwilling to perform in the past is the answer.

I think you have to have both a hard approach which demands something and you have to give some definitive possibilities simultaneously.

Chairman **Perkins**. Ms. Bode?

Ms. **Bode**. I would like Margaret who directs the program at our school to answer.

Ms. **Lorber**. I would be pleased to address this question.

With regard to the scope of the problem throughout the country, Barbara made it clear in her testimony that just in the last year and a half we have had actual complaints of very obvious illegal procedures from 16 States and the District of Columbia.

In addition to that, in my discussions with the Department of Agriculture, there is kind of a general understanding that the great majority of schools use a system where the free and reduced price participants must purchase a ticket in advance and where the paying student is under no obligation to do so. That could be as many as 90 percent of the schools in this country, except you have to subtract the 40 percent or so that are actually breaking the law outright.

The reason this is not breaking the law, that is, the system where free and reduced price students must have a ticket and the paying students have an option, the Department feels as long as the paying student could be a ticket holder, the school has done what it can to make up for the problem, all right, but in fact all of us who worked on these programs for years realized, as Ann Zeller pointed out in Columbus, the paying students do not purchase those tickets in advance and buy on a day-to-day basis.

In cases where this is done in the cafeteria, you cannot avoid obvious discrimination of who is paying and who is not. We recommend whether or not you have the option to buy the ticket in advance or not, if all acquiring of tickets is done in another place, in a private place, whether it's a nurse's office or a principal's office.

Chairman **Perkins**. There would be such a simple way if somebody would put their thoughts to this thing.

Ms. **Lorber**. Well, in fact, Mr. Chairman, I would like to say the reason we are so convinced that there are solutions, it's not that we only hear complaints, we have talked to people who have found solutions.

They read the law and know how the program is supposed to be administered, and they are carrying it out but, again, I think the problem is when you look at the procedures that are outlined in the free and reduced price handbook, the procedures are described but no underlying principles are indicated.

They incidentally mention in a procedure, if you use this method, no one but only one clerk in the school knows who is getting free or reduced price meals. If you use this other method, no money is exchanged in the cafeteria, but in no way does the Department make clear that there are certain principles, certain guiding principles, if you will, that underlie your procedure, and then they can say, go ahead, use any procedure you want as long as you use these guidelines.

Dr. Jackson's point is very well taken. One of the main purposes of these hearings is to ask you as the leaders on this issue to help us convince the Department that we have got a problem. I think once we all agree that we have got a problem, that many, many students are still being identified, then we can all work together and see what is the best way to solve that problem.

Many school districts across the country are using different methods that work, and granted it's such a large country and there are so many school districts, we can't possibly come up with one solution for the whole country. But there is only one problem, and that is the problem that children are being discriminated against, and that is the problem.

The Department refuses to recognize it and refuses to say, above all, these programs are contaminated, if in fact a child receiving free and reduced price meals is embarrassed by that fact or if students who are eligible for free lunches will not participate, because they know they will feel humiliated.

That is why we are here, to have everyone in agreement, that this is a serious problem and we have got to work together to try to find solutions.

Chairman **Perkins**. I agree with you, you have got a problem. I don't know the scope of it throughout the country. I wish I did, but it's a shame. To me it's like an honest group of people shuffling a deck of cards and playing according to the rules, but if you have some cheater trying to stack a deck of cards, that would be the way I would compare an administrator who permits these children to be identified.

I would compare him to a cheat in a card game. I think it's a situation that is deplorable, and we may have to legislate in order to stop it.

If you had administrators that were interested in these children, interested in their development and carrying out the true intent of the law as the law is presently written, we would not have this problem that we have in America today. We have had it before this committee so many times.

It makes you sick to hear of administrators of the school lunch room that don't know how to administer this program yet. It's just one of those things that we will just have to find a way to work more on and cooperate with you good people and do everything we can to stop it.

It has been around so long and it may be around a long time yet. I don't know how many more years before we will get it solved, but we will just have to keep on it. And it's all because the people at the local level don't have the interest in these school lunch programs that they should have. It makes you feel bad to see a situation like this.

Let me say that all of the witnesses have been most helpful to the committee. We would not know about a lot of things if it were not for the witnesses we bring in here. I have not received as many letters in recent years as I had formerly received, but somehow, some way we have got to do a lot of education at the local level so these people can administer the program and perhaps the only way to do it is by further legislating.

We will do the best job we can, and we will all work together.

Let me thank all of you for your appearance here this morning.

At this time the subcommittee will adjourn until 9:30 tomorrow morning.

[Whereupon, at 10:55 a.m., the Subcommittee on Elementary, Secondary, and Vocational Education of the Committee on Education and Labor adjourned, to reconvene Thursday, October 17, 1979, at 9:30 a.m.]

OVERSIGHT HEARINGS ON THE CHILD NUTRITION PROGRAMS

Identification of Low-Income Children in School Food Programs

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THURSDAY, OCTOBER 18, 1979

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education
Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:47 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Miller, Kildee, Williams, Buchanan, Erdahl, and Hinson.

Staff present: John F. Jennings, counsel; Marian Wyman, special assistant to the chairman; Beatrice Clay, staff assistant; Mary Jane Fiske, assistant director minority oversight and research and Richard DiEugenio, minority legislative associate.

Chairman Perkins. The committee will come to order.

We are delighted this morning to have my colleague from Kentucky, Carroll Hubbard, one of our outstanding Members in the U.S. Congress, to introduce Ms. Ann Joseph of the Kentucky Hunger Task Force, Kentucky Council of Churches.

STATEMENT OF HON. CARROLL HUBBARD, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

Mr. Hubbard. Thank you, Mr. Chairman.

We were talking about other things and the chairman knew I was going to introduce the first witness. Miss Joseph is not here so I will not introduce her at this time. That is my mistake, not Chairman Perkins.

It is a real pleasure to be with my distinguished collegue, Chairman Perkins, who is the dean of our delegation from Kentucky and beloved not only in Kentucky but across the Nation.

Mr. Chairman, I am happy to introduce the first witness, Ms. Carolyn Wosoba from the Anchorage Independent School District, Ky. Her parents are Mr. and Mrs. Lyle Conyer, route 1, Marion.

She is a graduate of Murray State University where she received a master's of science degree in 1965 and a master's degree in 1968. She is now working on her doctrate at the University of Indiana.

It is my pleasure this morning to introduce Carolyn Conyer Wosoba at this oversight hearing for child nutrition. Carolyn Wosoba is the talented 35-year-old superintendent of the Anchorage Independent School District in Jefferson County. She is one of two women school superintendents among Kentucky's 181 school districts and superintendents.

It is a real pleasure to have her at the Nation's capital this morning and to testify before this subcommittee. I have read her statement and the only reason I am not going to stay to hear her testify is because I wanted to give a 1-minute speech on the House floor regarding this friend and constituent whose parents are also good friends of mine.

Thank you, Mr. Chairman.

Chairman PERKINS. You may proceed. With that introduction, I hope your testimony is as outstanding.

STATEMENT OF CAROLYN WOSOBA, SUPERINTENDENT, ANCHORAGE INDEPENDENT SCHOOL DISTRICT, KY.

Ms. WOSOBA. Sir, I also hope the same thing.

Thank you, Congressman Hubbard, very much. That was certainly uncalled for, but I appreciate it.

First of all, I must say I am delighted to be here. Washington is a marvelous place. I was here all day yesterday and enjoyed very much what I saw and what I heard. I am delighted that you invited me to this hearing.

I did leave a small school district in Kentucky, the Anchorage Independent School District, to come here and testify and to, in my opinion, give you some ideas on some of the critical realities of this issue.

While my views represent Kentucky superintendents, I hope they would be representative of all school administrators across the United States.

In 1976, the delegate assembly of the American Association of School Administrators (AASA) unanimously adopted a resolution stating that:

> AASA believes that during these times of divisiveness in the educational community, and at a time when there is a lack of clarity in our Nation's value system, the AASA and individual school administrators must, with vigor, reassert their historical roles as advocates for children and youth.
>
> AASA urges all administrators to constantly advocate, at the bargaining table, in the halls of government, and in each community, the current and future needs of our children and youth.

So I am here today not as an adversary but as a friend and advocate for children. But I do believe there are critical issues concerning this and critical realities that we should be concerned with.

What are those realities? First of all, those realities are rooted in the needs of children. The needs of children, and indeed, of every human being, have been identified and defined by Abraham Maslow.

Each of us, as all of us know, has a physiological need, the need for air, food, water and elimination of body wastes. We have a need for safety. Each of us has a need for self-esteem, the feeling of dignity and self-worth. Each of us has a love and belongingness need, and so on.

The issue which confronts us today deals specifically with at least two of those needs, physiological and self-esteem. Certainly we want to feed the hungry who cannot feed themselves, but we do not want to satisfy their physiological need and destroy our opportunity to meet their need for self-esteem.

I think all of us understand this point. It is critical. If we pass legislation which meets the most basic physiological need, the need for food, while at the same time it destroys the individual's feeling of self-worth, have we really done anything that truly benefits the individual?

We are fortunate in this country to have a set of moral commitments to guide us as educators as we attempt to address the critical realities. George Counts summarized these commitments in his book, "Education and the Promise of America."

"The first moral commitment," he said, "is the Hebraic Christian Ethic, which proclaims the supreme worth and dignity of the individual human being, and the importance of the free development of each individual to the fullest potential."

Do we violate this commitment by collecting lunch money? And can we eliminate the stigma that seems to accompany the fact that we don't collect lunch money from some? I don't think so.

Another of the moral commitments summarized by Counts is that of democracy. Certainly I don't have to talk to you about democracy, but as we know, it also prizes the worth and dignity of human beings, recognizes their intellectual judgment, insists that they can and should govern themselves, guarantees personal freedom and justice under law, equality of treatment and consideration and protection against arbitrary acts.

It assumes that common people will share the good things, and that everyone will willingly take on the political, economic and social responsibilities and the obligations associated with this system.

Democracy thus becomes the second critical reality surrounding this issue. The function of a democratic government is to meet the needs of people who cannot meet their own needs. This is true whether we are talking about the safety need or the need for self-esteem, equality, et cetera.

But does the Federal Government prize the worth and dignity of human beings, recognize their intellectual judgment, and guarantee personal freedom by legislating every facet of their lives? I don't think so.

If the handling of lunch money has become such a problem that it has resulted in an issue that the Federal Government is now concerned with, then I must conclude that the AASA has been asleep at the switch of education.

A third critical reality that has been involved in this issue, and certainly Washington has been deeply involved with this issue, is that of economics.

According to the National Institute of Education, in 43 States it now costs 50 percent more to operate primary and secondary schools than it did in 1971. While the average school enrollment dropped 2.3 percent between 1971 and 1976, the average cost of educating children increased 56 percent.

The National Center for Education Statistics reports that public school expenditures rose in constant 1975-76 dollars from $47 billion in 1965-66 to $67.1 billion 10 years later, and projects they will reach $76.9 billion in 1981-82 if they already haven't.

I submit to you that if we are to increase the expenditure for education, that we consider the real classroom needs of youngsters in terms of materials, teacher-pupil ratio, and equipment, and leave down on the list of priorities the collection of money in the classrooms and lunchrooms.

I say that any school administrator who cannot devise a way to feed the poor children in his/her school district without discriminating against them is a "damn poor school administrator."

What are the remedies? Give everyone free lunches? Do we give everyone money for a lunch or do we have everybody come and eat and somebody else pay the bill? This smacks of socialism because it takes away human dignity and individual freedom.

What is the issue? Collecting lunch money? If indeed that is it, what a farce, that the taxpayers are paying dear money for my trip to Washington, and indeed I have just loved it, to give testimony about how school administrators in Anchorage, Ky. or Seattle, Wash., or Tyler, Tex. can go about feeding the children in their school district a lunch they can't afford.

You have no idea the mountains of paperwork that we have to combat as school administrators every day just to administer the programs that we now have. In small districts and in large districts it takes hours.

I submit to you that we are out of touch with kids if we have not been in the classroom or in the lunchroom or in any individual school to see how these schools are really operating.

This testimony is given very, very freely, as you can see, and with conviction, and I simply restate my case that you must not, you cannot, undermine the integrity of human initiative by attempting to legislate values and attitudes.

If indeed abuses do exist, and let's hope they don't in Kentucky, then let us work on ways to eliminate these abuses by sharing of ideas and training. Don't legislate more headaches.

It seems to me that the critical reality under discussion today is one of administrative method and could be handled more efficienty through the channels and offices of the administrator's professional organizations and association, that is, AASA.

If it is a concern, and if the school administrators of this country, acting individually or as a group, cannot define and solve the problem, the Federal Government might want to consider the problem at a later date.

Chairman **Perkins**. Thank you.

The next witness is Mr. Gerard Koth, psychologist in the Baltimore County school system.

STATEMENT OF GERARD W. KOTH, PSYCHOLOGIST, BALTIMORE COUNTY SCHOOL SYSTEM

Mr. **Koth**. Thank you.

As a psychologist I deal with youngsters every day in the Baltimore County schools. I am concerned with how they adjust to their school lives and generally to society.

I was asked to speak before the committee today to talk about some of the youngsters that I have come in contact with who feel socially stigmatized because of their involvement with certain procedures that occur in the administration of free lunch or reduced lunch programs.

So I have tried to make some indications of appropriate mental health patterns and ego development in children and adolescents and to try to address myself to those factors that could adversely affect the psychological development of youngsters when they are singled out to participate in a program.

Even though we certainly recognize that this program would be certainly beneficial to them, these youngsters have other psychological needs that they have to address and deal with on a daily basis.

A concept that has been repeatedly demonstrated in the psychological literature maintains that each individual as he progresses through maturity encounters along the way specific developmental tasks, that is to say, those major common tasks that face all individuals within a given society or subculture of a society.

The successful accomplishment of these tasks at the time they are encountered is crucial to the individual's subsequent development, so that successful achievement will lead to happiness and to success with later tasks while failure leads to unhappiness in the individual, disapproval by society, and difficulty with later tasks.

It is through the achievement of these developmental tasks that individuals in our society develop an integrated personality that will allow him to function in society.

Tryon and Lilienthal have identified 10 broad categories of developmental tasks, of which 3 are relevant to the issues that this subcommittee is addressing.

They are first, achieving an appropriate dependence-independence pattern;

Second, achieving an appropriate giving-receiving pattern of affection;

And, third, relating to changing social groups.

These tasks require of the individual learning different behaviors at successive maturity levels. In addition, each child or adolescent will work on a given developmental task in a unique way, responding to the many factors that come into play in his everyday life.

There are two significant aspects in the emerging personality of a youngster as he progresses through older childhood into adolescence that characterizes this particular period in his life.

The first deals with the youngster's ability to be accepted and play a role as a member of a peer group. This task increases in significance as the child develops and it is not uncommon to see in both boys and girls a tendency to conform to group codes and standards for no other reason than the fact that everyone is doing it.

It is also at this time that friendship choices become more important to the youngster and are based more frequently on similarity of physical maturity, abilities, interests and socio-economic status.

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A second trend that occurs during this period of time and is perhaps a more pressing developmental task is that of searching for and achieving a sense of self-identity. The adolescent's search for self-identity is revealed in a variety of ways.

Becoming independent of parents and teachers and gaining acceptance of peers are important steps in achieving a sense of personal identity.

Possessing the ability to cope effectively with one's environment also contributes significantly to a sense of identity. We are all aware of the fact that children and adolescents in particular experience traumatic setbacks at even the slightest thwarting of these two social drives.

The question that we must deal with then is: What affect does being singled out for participation in a special type program such as a free lunch or reduced lunch program have on the emotional-social development of the individual?

From a scientific point of view this is a very difficult question to investigate. In fact, to my knowledge there are no formal studies that have been done that would deal with the issue.

The reason that the issue is so difficult to study is that the variables that are being studied constantly change, and more importantly, youngsters generally are very apprehensive about discussing their feelings over this particular issue.

From my experience as a psychologist in the school systems there are marked similarities between youngsters who are singled out for special education programs and those who are singled out to participate in programs such as the free lunch or reduced lunch program. Even though it may be helpful for these children to be involved in these types of programs, they fear the social stigma associated with it.

From a purely intuitive point of view, I would have to say that there is a definite effect upon the child's self-perception and identity that is an involvement in a given program. For some youngsters the effect is very minimal, however. For other youngsters it represents a major factor in their development.

In dealing with youngsters that have a wide variety of psychological problems in the school system, I have come across some youngsters who were also receiving free lunch or reduced lunch programs at the school. In my conversation with these youngsters several problems emerge.

First of all, there appears to be a significant difference in the perception by students who participate in a program of free lunch as opposed to one of reduced lunch. The major difficulty relates with the reduced lunch program.

There is a significant drop in participation in the reduced lunch program as one develops through later childhood and into adolescence. Part of the reason is that these youngsters do not perceive themselves as being that low in the socio-economic level.

Even though they could qualify under the guidelines, and while they could use the benefits from the program, they would rather disassociate themselves from the program.

It also appears that children who are on the free lunch program are in such dire straits that they are forced to accept the program and make some compensations for it in their own development.

Another problem that these youngsters point out is that it does no good to discuss their feelings about participation in the free lunch and reduced lunch programs. They see it as a nonsolvable problem and are basically very reluctant to identify themselves with their economic situation.

The difficulty appears to be in the fact that they fear being singled out and their peer group would then be aware that they are in difficulties.

It is different when a child comes to me and says, "I am being hassled by a teacher," because I can do something about that. We can go see the teacher or I can ask them to change their approach.

When they are identified in a free lunch program, they carry a stigma around. They are so afraid of their friends recognizing this that many of them would rather go hungry than to participate in the program.

They express to me the view that it is a social peer stigma to be identified with the reduced lunch programs and this significantly affects their social development as they see it.

What these individuals seem to be saying is that identification in a program like this adversely affects their ability to adjust in their peer group in social setting. Most of us have a variety of adjustment patterns available for reducing tension and maintaining self-organization. This might be useful in evaluating the comments from these youngsters.

First of all, does the individual's use of a given adjustment pattern result in a reduction of tension? It appears that the identification with this program increases the person's anxiety and decreases his effectiveness in judging his own personal development.

What we see behaviorally in these youngsters are several mechanisms that deny or insulate them from developing an adequate perception of themselves.

Second, does the adjustment patterns that the individual uses enable him to maintain contact with reality? What appears to happen in the identification of a program such as this, that the individual must regress to the use of fantasy as a means of defending himself against his peers. In other words, he presents himself to be in a situation which is different from what actually is.

It would seem important to evaluate the effectiveness of any program that singles an individual out for any special treatment, no matter how positive we think that treatment will be for him. It is essential that the individual's perception of himself being involved in that program be examined. If it is not, I would maintain that some detrimental effects can occur to youngsters as they progress through their developmental tasks.[1]

Chairman PERKINS. Thank you very much. You have been most helpful.

Our next witness is Mrs. Barbara Zang, program developer, National Child Nutrition Project.

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[1] Reference: Tryon, C. M. and Lilienthal, J. W., "Developmental Tasks: The Concept and Its Importance," in C. M. Tryon, (Ed.), "Fostering Mental Health in Our Schools." Washington, D.C.: Association for Supervision and Curriculum Development, NEA, 1950.

STATEMENT OF BARBARA ZANG, PROGRAM DEVELOPER, NATIONAL CHILD NUTRITION PROJECT

Ms. ZANG. Good morning.

Chairman Perkins, I welcome the opportunity to speak today in the hope that the issue of discrimination in the school food programs will need no further special hearing, that the problems of different color tickets, of collection practices which defy humane treatment of children, and of the other problems which you have heard about this morning will no longer be commonplace.

For over 5 years I have worked for the National Child Nutrition Project, a nonprofit, private corporation headquartered in New Brunswick, N.J., which seeks to improve and expand the various food assistance programs. I am a member of the National School Breakfast Coalition, on whose behalf I offer these comments.

Children who claim free or reduced-price rates are daily subjected to humiliating collection procedures in schools which use teachers to collect funds or where cash and tickets are both allowed in the cafeteria.

Although the school lunch and breakfast programs are designed to provide nutritious meals to children, regardless of their ability to pay for them, all too often the price children pay for these meals is their own self-respect.

Mention discrimination in the school meals program and the response is generally that "it's not a problem," "we've taken care of it already", or "it doesn't happen anymore." Not so. Discrimination is, as you have heard, evident in schools all over America. Here is an example from my home State.

Last winter we were fortunate to have the assistance of a Rutgers University graduate student from the School of Social Work. Her energies were devoted to New Jersey school lunch and breakfast concerns of which she had no prior knowledge. It was a very new field for her, but she applied herself and learned very quickly how the programs ought to work.

One day, after weeks of diligent work, she came into the office, a stricken look on her face. She had learned that morning that her teenaged foster daughter, who was eligible for free meals at a local high school, had not been eating lunch at school. The reason? The free meal tickets were a different color than the other tickets and she did not want to be singled out.

A letter and phone call to the principal of the high school, in a middle-class community near New Brunswick, yielded the following: The principal knew the collection practices were discriminatory, but he just didn't know how to keep the paid, reduced price, and free meals separate. Different colors of tickets solved the problem nicely. Or did they?

The principal was eager to remedy the situation. "What about a numeric code," we asked him. "Develop a number system which will help keep the categories straight and use the same color of ticket."

He thanked us, changed the system, and the student's daughter started eating at school.

This experience taught us several things. First, school personnel do not deliberately discriminate against poor children. They seek easy solutions to management problems and these solutions sometimes are discriminatory.

Second, we learned in a followup conversation with the principal that he was not eager to promote the reduced-price category of meals because it presented another data collection problem. And he simply did not have time to figure out a workable system.

Third, the guidance material from USDA and the State agency is not explicit enough for local schools. They must still invest too much time in the development of collection and issuance systems. They would rather spend their time in efforts aimed at avoiding disallowed meals than at protecting the identity of children using free or reduced-price meal options.

And four, that the problem of discrimination affects children on a one-by-one basis, not all girls, or all black children or all those of a particular religious faith are affected. It is a more elusive problem.

School food program discrimination affects children in unequal proportions. Informal evidence shows it affects junior high and high school students in greater numbers than elementary school children.

A look at participation levels in either the junior high or high school in any city will show that the students eligible for free and reduced-price meals are just not taking full advantage of them.

Feeder schools, the elementary schools which supply students for the junior highs and high schools, usually have higher percentages of free and reduced-price meal participants than junior highs or high schools.

For example, in Burlington, N.J., the participation rate for free and reduced-price meals in the elementary schools is 47 percent of enrollment. In the one high school in that city, the rate is 23 percent of enrollment.

Do children get richer when they get to high school? Probably not. But they may get more sensitive to being singled out, more aware of the dual cash and ticket system at their schools. They may opt out of the school meals programs and choose to stay hungry rather than be humiliated.

One obvious solution to this problem, a solution suggested by many advocates, school food professionals and those persons faced with doing the collection procedures in districts where most children participate at free and reduced-price rates is for all children to eat free. This is the so-called universal lunch. It would eliminate discrimination between paying and nonpaying children.

However, I believe it is not feasible at this time for one obvious reason: money. The Congress is just not ready to provide the funds for such an undertaking. Nor should it. For, although it would solve the discrimination problem, it would not necessarily get kids to participate in the meals program.

A member of this subcommittee, Delegate Corrada from Puerto Rico, will attest to the fact that participation in the school lunch program in his district is merely 64 percent of the average daily attendance. Every child in Puerto Rico participates in the lunch and breakfast programs at the free rate.

A survey is conducted each fall to determine the percentage of students at the free, reduced-price, and paid rates. For reimbursement purposes these percentages are then applied to all meals served. The Puerto Rican Government makes up the difference between the reimbursement and cost of the food programs.

In Kansas, a State in which there is no universal lunch, they have a lunch participation rate of 68 percent of the average daily attendance. These participation figures are from USDA's final report for March 1978.

Instead of a universal free meal for every school child, I think we should look to widespread publicity about the availability of low-cost or free meals, decent nondiscriminatory collection procedures, and tasty, nutritious lunches which kids want to eat. To that end, I have several recommendations for action by USDA, the State agencies, and local communities.

USDA must move from its current position of, "If you let us know where there is discrimination, we will go get them," to a position which acknowledges that the systems proposed in its policy handbook lead to de facto discrimination and therefore must be redesigned.

This passive position is recorded in 2-year-old correspondence between the Department and the Children's Foundation, and year-old correspondence between the Department and the National Child Nutrition Project. And the attitude is reflected by the State agencies as well.

The State agency in my State, I think, envisions that we are a discrimination posse. You go out there and find out where it is and we will take care of it. The USDA must launch a national campaign to eliminate discriminatory practices in the school food programs.

USDA should develop a dozen or so methods of money collection and ticket or token issuance which are nondiscriminatory, fairly easy to implement, and nonclassroom based. These methods should be detailed in a new policy handbook to be distributed by March 1980, to go into effect for the 1980–81 school year.

The current policy handbook does not detail exact systems and leaves too much up to the local school systems to figure out. USDA should locate excellent collection and distribution systems around the country and write up those systems in the revised handbook.

It could use, for example, two schools which have under 200 children, two with 600 children, and two with over 1,000 children, and a mix of schools with mostly free and reduced-price kids and schools with mostly paid kids.

It could provide cost and time estimates for these sample collection systems. USDA could also make available to every State agency a video tape or a slide show of these collection procedures. These could effectively be used by the State agencies in their meetings with school district personnel in charge of developing local systems.

USDA should also make school lunch and breakfast collection procedures a major topic at its next State directors meeting. It should obtain information from the State directors about decent, easy-to-implement systems for school lunch and school breakfast collection used in their States.

In addition, USDA should amend the school meals model contract to include a checkoff list so that the precise method of money collection in each school would be noted by the district.

One further element in this campaign would be a national publicity package for free and reduced-price meals. Today, more and more children come from single parent households in which that parent works. These changes in family composition, plus spiraling food costs, make publicity about the free and reduced-price meals essential.

The letter sent to parents at the beginning of the school year is just not sufficient. Those with marginal incomes usually throw the packet away. The message about the reduced-rate meals is lost on them for they are too busy to comprehend it, believe the packet to be a welfare application, or are not able to read the material to learn of their eligibility.

We staged a reduced-price meal campaign in one community several years ago to test the impact of a new message to these parents. We advertised the reduced-price meal as a lunch bargain for working families. The response to a news release, public service announcement, and flyers distributed throughout the town was enthusiastic. Participation in that category increased dramatically.

USDA is capable of developing such outreach materials and offering them to State agencies which, in turn, could pass them along to local districts.

It is clear that USDA must invest time and energy on prevention rather than remediation, the current mode of dealing with discrimination in school food programs. That investment is certain to pay off in school food programs which more closely reflect the intent of Congress in their daily operations.

A thoughtful, well laid out training plan for local districts should form the basis of a State agency drive to wipe out discrimination in school food programs. Such a plan would supplement the USDA actions outlined previously or would stand alone should USDA fail to act.

The State agency should solicit information about good collection systems already in existence within the State and call attention to them. I had a conversation some time ago with a North Carolina State agency staff member. The school food consultants there keep on the lookout for good collection systems, especially in the school breakfast program, she told me.

This information is discussed at the monthly consultant's meetings and will eventually be compiled in a booklet for distribution to the local school districts.

"We've found," she said, "that the collection procedures in the school lunch program don't always work in school breakfast. We're trying to figure out what does work and will share that knowledge throughout the State." This seems a rational way of approaching the collection problem. I would recommend that all State agencies follow suit.

The State agencies should also take a more active role in promoting the use of free and reduced-price meals. At a minimum, clear, easy-to-read publicity on these rates should be provided to the State food stamp office, the unemployment office, and the WIC agencies with a request for them to duplicate the information and offer it to their clients. Low income families desperately need more than a once-a-year notice of these rates.

The notion that school lunch money collection is a daily occurrence is an outdated one. As a society, we have progressed from a pay as you go or cash basis of payment to an accrual one for most goods and services. We no longer, for instance, purchase our wood for the winter. Instead, a utility bill comes monthly with our charges for usage during the billing period.

We love credit. We purchase clothing, restaurant meals, travel tickets, lodging, and many other consumer goods on credit. Yet, the idea of paying for more than one meal at a time at the local school is scoffed at. "Kids would rather pay daily", some point out, "in case they don't like what is on the menu on a particular day."

The remedy to this situation is twofold: Allow kids credit for uneaten but paid for meals and improve the school's lunch or breakfast offerings so that kids will want to eat there.

There is absolutely no reason why schools cannot expect payment for 10 meals at a time or a month at a time. If schools are worried that parents will let their accounts fall into arrears, they should require payment in advance.

Teachers would have no part in this system. No school district should require teachers to collect funds for the school lunch or breakfast program. This is one practice which must stop immediately for it does, perhaps, the most damage to children. Payment should be strictly a matter between the family and the school official assigned to the task.

I recently witnessed a collection procedure in an elementary school in Lawrence, Kan. All children, and there were about 100 that day, came through the lunch line with a rectangular white ticket. The ticket code was read by a postage-meter-type machine operated by the cafeteria's cashier.

The food service director explained:

> It's an expensive scissors. It cuts off one meal on the ticket and records the type of meal it is. The parents pay our school office in advance for 10 meals. The tickets are good anytime, so if a child is absent and has several meals left on a ticket, it can be used when the child returns to school.

No one but the school staff member in charge of money collection and ticket issuance knows who eats free or at a reduced price or paid rates. The machine costs between $600 and $700. The tickets are 1 cent each and are good for 10 meals. The procedure not only insures that there is no discrimination between children, but also cuts down on the paperwork done by the cashier and improves record keeping accuracy.

"It may not be for every school" cautioned the food service director, "but it works well here."

There are other exemplary systems which can be used to improve the collection and issuance process. Local school food authorities must select from these systems and install a nonclassroom based, nondiscriminatory system in each school.

The recent USDA regulation which requires that students and parents become actively involved in the school food programs is an excellent opportunity for some creative problem solving at the local school level.

As a first order of business, food service directors should organize these parents and students to examine local collection procedures with an eye towards solving discrimination problems.

The committees could investigate the procedures used in all of the schools in the district, come up with an evaluation of the processes, and prescribe a plan of action to improve them where necessary. They could be provided with information about successful collection procedures and their costs in other schools.

Another task of such parent and student committees would be to publicize the availability of school lunch and breakfast programs in the community, along with clear information about the free and reduced-price rates. This work is just as important as improving meal quality or the lunchroom environment.

Thank you for this opportunity to present these suggestions. We are pleased you have taken an interest in the issue of school food program discrimination. Because the issue is an old one, it is difficult to get anyone at the Federal or State agency level interested enough in it to provide needed leadership to insure that it is no longer a commonplace occurrence.

Your subcommittee's recommendations to USDA and its subsequent instructions to State and local agencies will be most welcome.

Chairman **Perkins**. Thank you very much. The committee will recess for about 6 or 8 minutes to go over and vote and come right back.

[A brief recess was taken.]

Chairman **Perkins**. Our next witness is Mrs. Margaret Glavin, Director of School Programs Division, Food and Nutrition Service, Department of Agriculture.

Go ahead.

STATEMENT OF MARGARET GLAVIN, DIRECTOR, SCHOOL PROGRAMS DIVISION, FOOD AND NUTRITION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Ms. **Glavin**. Thank you, Mr. Chairman.

I am pleased to be here today in response to your request to discuss policies implemented for providing free and reduced-price meals to needy children.

The legislative mandate concerning the service of free and reduced-price meals to needy children is unmistakable. The congressional intent that children receiving such meals not be discriminated against is also very clear.

Both of these mandates were initiated with the passage of the original National School Lunch Act in June of 1946. Public Law 91-248, enacted in May of 1970, strengthened these mandates by prescribing the uniform application of eligibility standards for free and reduced-price meals and further requiring that children receiving meals not be subject to any overt identification including "special tokens or tickets, announced or published lists of names, or other means."

The provision of the National School Lunch Act concerning the mechanics of establishing eligibility for free and reduced-price meal service has been amended several times during the past decade.

However, the legislative mandate concerning the treatment of children receiving these meals has remained unchanged: These children are not to be discriminated against or overtly identified.

The Department recognizes the importance of this mandate. Program policies have reflected a continued commitment to the protection of needy recipients against overt identification. This commitment is reflected in the issuance and maintenance of 7 CFR part 245, regulations entitled "Determining Eligibility for Free and Reduced Price Meals and Milk in Schools."

These regulations were initially issued in August of 1970, shortly after the enactment of Public Law 91-248.

Current part 245 regulations require that each participating school food authority submit to the appropriate State agency a free and reduced-price policy statement which includes a complete description of the methods to be used by the school food authority to collect payments from children paying the full price or a reduced-price for the meal, which will prevent the overt identification of children receiving free or reduced-price meals.

Such free and reduced-price policy must be approved by the State agency no later than October 15 of each year, or Federal reimbursement to the school food authority is suspended.

Part 245 specifically requires that each participating school food authority take all actions necessary to prevent the overt identification of free and reduced-price meal recipients.

Furthermore, certain actions are specifically prohibited, including the posting of names, the use of special tokens or tickets, physical segregation, or working for meals.

In addition to the requirements included in part 245, the Department has issued a free and reduced-price policy handbook for use by State agencies and local schools. The handbook includes guidance on all the aspects of free and reduced-price meal service, including methods to prevent the overt identification of needy children during the application and approval process, the collection of payments, and in the cafeteria itself.

This handbook is based upon experience gained in the administration of the free and reduced-priced program over a number of years. It provides assistance concerning methods that have proven successful in eliminating the overt identification of children receiving free and reduced-price meals.

In order to enforce the requirements of part 245, as well as other program requirements, States are required to conduct reviews of participating local school food authorities on a periodic basis. The review of the local systems utilized to prevent the overt identification of needy children has always been considered an integral part of the total review.

For its part, the Food and Nutrition Service conducts annual reviews of each State agency. These reviews, called management evaluations, include a review of the State's system for the approval of each school food authority's free and reduced-price policy as well as a review of the State's system for local reviews. Several local school food authorities are reviewed by FNS regional office personnel as a part of the management evaluation process.

I have here copies of part 245, the current regulations, and the free and reduced-price policy handbook which have been issued concerning the service of free and reduced-price meals to needy children for the committee's record. The States and local educational agencies have been provided this guidance for use in protecting needy children from overt identification.

[The information referred to above follows:]

Free and Reduced Price Meal and Free Milk Policy Handbook

Introduction

To carry out the Congressional intent that milk and nutritious meals be available to every schoolchild regardless of the family's ability to pay, the U.S. Department of Agriculture (USDA) has established regulations which must be observed in all schools that participate in the National School Lunch, School Breakfast, or Special Milk Programs or that receive commodities. These provisions are contained in the Code of Federal Regulations, Title 7, Part 245, "Determining Eligibility for Free and Reduced Price Meals and Free Milk."

These regulations outline specific responsibilities for all levels of administration:

1. By June 1 of each year, the Secretary of Agriculture announces minimum and maximum family size and income guidelines to be used in determining eligibility for free and reduced price meals and free milk.

2. By July 1 of each year, the State agencies and Food and Nutrition Service regional offices prescribe, within the Secretary's guidelines, family size and income standards for free and reduced price meals and free milk in their States. In addition, they must issue detailed instructions to the school food authorities on developing free and reduced price policies. Often these instructions are a prototype policy which school food authorities may use in entirety.

3. Each local school food authority must develop a free and reduced price policy, including family size and income eligibility criteria, which conforms with State or regional office standards. This policy must be used in all schools under its administration participating in the program.

Each year each school food authority must develop a policy (or amend the previous one) and submit it to the State agency or FNS regional office for approval. Reimbursement shall be suspended for any meals or milk served after October 15 of any year, and no USDA commodities may be used after that date until the school food authority's free and reduced price policy has been approved by the State or FNS regional office.

This handbook has been prepared as an aid in developing and implementing free and reduced price policies. It contains samples of a policy, a letter to parents, an application, a public release, and collection procedures, as well as a summary of USDA's administrative decisions affecting free and reduced price policies. The addendum contains a letter to parents and an application in Spanish.

All programs of the U.S. Department of Agriculture are available to everyone without regard to race, color, or national origin.

Since Public Law 91-248 was enacted, many significant questions have come up regarding program administration and determination of eligibility. The following section answers some of these questions. School food authorities are encouraged to reproduce this section for local school officials who determine eligibility.

1.
Q: When should I send applications and letters to parents concerning free and reduced price meals and free milk?

A: If possible, applications and letters should be sent to parents of all schoolchildren well in advance of the opening of school to allow for the return and review of applications by the end of the first week of school. When this is not possible, applications and letters should be sent within the first week of school. Action on all applications returned to the school should be taken as soon as possible, but no later than 10 working days following receipt.

2.
Q: Can I serve free and reduced price meals and free milk during the first week of school before applications have been approved?

A: During the opening week of school, you should serve free and reduced price meals and free milk to children from families with approved applications on file from the previous school year.

Family Income Defined

3.
Q: Exactly how do I determine who is eligible for free or reduced price meals and free milk?

A: Note the family's income and the family's size on the child's completed application form. (For a definition of "income," see question four.) If the family's income and family's size fall within your local criteria, the child is eligible for free or reduced price meals and free milk.

If the family's income is too high to fall within the local criteria, check the application to see if the family has noted any extra expenses because of special hardship conditions. (For a definition of "special hardship conditions," see question five.) If the income after this deduction for hardships falls within your criteria, the child is eligible for free or reduced price meals and free milk.

4.
Q: What is to be reported as income on the family's application form?

A: Income means money earned before deductions for income taxes, employee's social security taxes, insurance premiums, bonds, and the like.

Income includes the following: (1) monetary compensation for services, including wages, salary, commission or fees, (2) net income from self-employed farmers and self-employed businesspersons (see question seven), (3) social security, (4) dividends or interests on savings or bonds, (5) income from estates or trusts, (6) net rental income, (7) public assistance or welfare payments, (8) unemployment compensations, (9) government civilian employee or military retirement or pensions, (10) veterans' payments, (11) private pensions or annuities, (12) alimony or child support payments, (13) regular contributions from persons not living in the household, (14) net royalties, and (15) other cash income. Other cash income would include cash amounts received or withdrawn from any source, including savings, investments, trust accounts, and other resources, which would be available to pay the price of a child's meal.

In determining eligibility for free or reduced price meals or free milk, school food authorities may use either the family's income during the past 12 months or the family's current rate of income, whichever is the better indicator of the family's need.

Income as defined above is a gross figure and should be reported on the application form in the income blank. This figure should not contain adjustments for special hardship conditions as defined in question five.

Income should not include money received by volunteers for services performed under the National Older Americans Volunteer Program as noted in the 1973 amendments to the Older Americans Act of 1965.

Income reported on the application should be an exact amount, not a range between two figures.

Hardship Conditions

5.
Q: What are special hardship conditions?

A: The money a family spends because of a special hardship (which could not have reasonably been anticipated or controlled) should be entered on the application form. You should then subtract the expense from the family's total income noted on the form. If the family's income, after this deduction, falls within your income criteria, the family's children are eligible for free and reduced price benefits.

Special hardship conditions are:
(1) unusually high medical costs
(2) shelter costs in excess of 30 percent of the family's income (see question six)
(3) special education expenses due to the mental or physical condition of a child
(4) disaster or casualty losses.

6.
Q: How do I calculate shelter costs?

A: The total amount of money a family spends on shelter should be entered on the application form. Shelter costs over 30 percent of the family's income can be deducted from the income when you determine eligibility.

First, figure what 30 percent of the family's income is. For instance, the family's monthly income is $400. Thirty percent of $400 is $120. Any money the family spends on shelter over $120 a month may be deducted from the family income.

Self-Employed Persons

7.
Q: How do I determine net income for self-employed farmers or businesspersons?

A: Net income for self-employed farmers is figured by subtracting farmer's operating expenses from their gross receipts. (A farmer is anyone who operates a farm as an owner, renter, or sharecropper.)

A farmer's operating expenses include cost of feed, fertilizer, seed and other farming supplies, cash wages paid to farmhands; depreciation charges; cash rent; interest on farm mortgages; farm building repairs; farm taxes (but not State and Federal income taxes).

Gross receipts include the value of all products sold, Government crop loans, money received from the rental of farm equipment to others, and incidental receipts from the sale of wood, sand, gravel, and the like.

The value of fuel, food, or other farm products used for family living is not included as part of net income.

Net income for self-employed businesspersons is also figured by subtracting their business expenses from their gross receipts. ("Business" refers to a professional enterprise or partnership.)

Expenses include cost of goods purchased, rent, heat, light, power, depreciation charges, wages and salaries paid, business taxes (not personal income taxes), and so on.

Gross receipts include the total value of goods sold or services rendered by the business.

The value of salable merchandise consumed by the proprietors of retail stores is not included as part of net income.

In both cases, the key phrase is "subtract operating expenses from gross receipts." This leaves the amount of money that is available for living expenses. The expenses attributed to special hardship conditions would be subtracted from the income available for living expenses—not the gross receipts.

8.
Q: What should I do if a family does not provide information on family size and income on the application form?

A: You must have the family's size and income in order to determine eligibility. You may, therefore, contact the family either by phone or in writing to get that specific information. You should document the details of your contact and the information you receive on the family's application.

9.
Q: What do I do if a family does not sign its application form?

A: Return it to the family. The application form must be signed by an adult member of the family certifying that the information on the application is true and correct before a decision can be made about eligibility.

Definition of Family

10.
Q: What is considered a "family" for the purpose of determining family size and income?

A: "Family" means a group of related or nonrelated individuals who are not residents of an institution or a boarding house, but who are living as one economic group. Students who are temporarily away at school should be counted as members of the family. However, children who are full-time residents of an institution are considered a family of one.

11.
Q: What should I do if parents advise me that their family size or income has changed after their original application has been filed?

A: You should provide the family with a new application form and request that they re-apply. Applications may be submitted at any time during the school year.

12.
Q: What do I do if a family suffers a temporary loss of income?

A: If the family's current rate of income falls within your eligibility criteria, you may grant temporary approval for free and reduced price meals or free milk to their children. School officials should base eligibility on the family's current rate of income rather than on the family's annual income. However, the application must be completed as usual.

When the temporary condition has been alleviated, families approved under this provision should be informed that the conditional approval will end within a specific time (10 days for instance) and that those wishing continued assistance may apply for a continued eligibility by submitting a new application.

13.
Q: Are military benefits included as part of a family's income?

A: All cash income or payments a family receives must be considered as income. However, the value of benefits other than cash, like military base housing, is not considered as income.

14.
Q: What do I do when a father is serving in the military overseas?

A: In determining eligibility, the serviceman overseas is not counted as a family member, but the money he sends to his family is included in the family's income.

Families That Do Not Apply

15.
Q: Can I certify a child to be eligible for free or reduced price meals and free milk if the child's parents have not sent in an application but I know the family is needy?

A: If, after sending applications and letters to parents, you have not received an application from a needy child's family, you may go to another source for information on the family's size and income.

You should note the source of this information, complete and file an application, and make a decision on the child's eligibility.

If the child has been declared eligible for the program, you should notify the family.

This does not mean, however, that eligibility determinations or certification can be made by categories or groups of children. Specific income and family size data must be obtained for each child to determine eligibility.

16.
Q: Does a family's eligibility for assistance, such as food stamps or public assistance payments, automatically qualify the children of that family for free or reduced priced meals and free milk?

A: No. Eligibility for free or reduced price meals and free milk must be based solely upon individual family size and income after adjustments for special hardships described in question five.

Verifying Information

17.
Q: What can I do if I have reason to believe a family's application contains incorrect or false information?

A: If the information on the application is complete, you must determine the child's eligibility based solely on that information and extend the appropriate benefits to that child even if you believe the information is false.

Once an application is approved, school officials may, for cause, seek verification of the information. The verification process may include an informal conference with the parents to discuss the application. However, such a conference may not in any way prejudice or diminish the right to a formal hearing under the fair hearing procedure set forth in the school's free and reduced price policy. The child, however, must continue to receive free and reduced price meals and free milk pending the outcome of the challenge.

Children Without Parents

18.
Q: How do I determine if a foster child is eligible for free or reduced price meals and free milk?

A: In cases where the welfare agency is legally responsible for the child and the foster home is, in fact, an extension of the welfare agency, the foster child is considered a one-member family. Welfare agency payments for the care of that foster child are considered the income of that one-member family. Therefore, if the foster child's annual income is not above the income guidelines prescribed by the local school food authority for one-member family eligibility for free or reduced price meals or free milk, the foster child is entitled to those benefits.

In cases where the welfare agency has placed a child in a permanent home and/or subsidizes the child's adoption, the child is considered a member of that household. The family size and total income of the family determine the child's eligibility for free and reduced price meals and free milk.

When a family indicates on their application that they have a foster child, you should ask the family about which of the above two categories their foster child fits into to determine eligibility. This determination should be documented on the application form by the school official.

19.
Q: What is an institutionalized child?

A. An institutionalized child is always a family of one, per Amendment 10, Part 245, who resides in a residential-type facility which the State has determined is *not* a boarding school. An institutionalized child's income is always the cash earned by or directly available to the child.

20.
Q: How is family size and income determined for institutionalized children?

A: A child who is institutionalized is considered to be a family of one. The child's income is the amount of money the child earns and personally receives in hand from any source while in residence. For example, the money a child received from service in the Job Corps would be considered as income for the purpose of determining eligibility for free meals and milk or reduced price meals. In most cases, however, an institutionalized child's income would be zero. Payments from any source directly received by the institution in a child's behalf are not considered as income to the child.

Disciplinary Action

21.
Q: Are there any restrictions on denying free meals and milk and reduced price meals to recipients as a disciplinary action?

A: Denying free meals or milk or reduced price meals to children certified as eligible for such meals or milk is prohibited as disciplinary action (FNS Instruction 791-1, as revised). Section 9 of the National School Lunch Act states ". . . any child who is a member of a household which has an annual income not above the applicable family size income level set forth in the income poverty guidelines shall be served meals free or at a reduced cost." Public Law 92-32 mandates the same requirement for serving free or reduced price breakfasts.

When considering disciplinary action against any child certified as eligible for a free meal or milk or reduced price meal, make sure that such action does not conflict with the mandate of the National School Lunch Act, as amended, and the Child Nutrition Act of 1966, as amended, with respect to providing all needy children with a free meal and free milk or a reduced price meal.

School officials are also prohibited by FNS Instruction 791-1 from denying any student, regardless of his or her eligibility status, from participation in the school child nutrition programs as long as the student is in school during the food service.

Children Working in Lunchroom

22.
Q: Are there any restrictions against free or reduced price recipients working in the lunchroom?

A: Regulations state that recipients of free and reduced price meals and free milk shall not be required to work for those benefits. However, they are not prohibited from voluntarily working in the lunchroom.

Some schools employ student helpers in the cafeteria for monetary or other compensation. In these cases, parents of all workers should be informed in writing that their children have volunteered to work. The letters should state that if the children have been certified as eligible for free or reduced price meals and free milk, their continued eligibility is in no way dependent upon working. In addition, the letters should not be a part of or attached to the free and reduced price letters to parents, applications, or notices of approval or denial.

Offering and Pricing Meals and Milk

23.
Q: What should I charge for a reduced price meal?

A: You cannot charge more than 20 cents for lunch or 10 cents for breakfast, and the reduced price must be less than the full price of lunch or breakfast.

In addition, charges for reduced price meals in high schools and grade schools under one school food authority must be the same to ensure that all children from the same family receive the same benefits. However, the charge for a full price meal may be more in high schools than grade schools.

24.
Q: If I offer a choice of Type A lunches at different prices, must this same option be available to free and reduced price meal recipients?

A: Yes. In an effort to increase participation, schools may offer students a choice of Type A lunches. Occasionally, one lunch may be more expensive because of a special meal item. However, free and reduced price recipients must be able to choose either meal with no additional charge.

25.
Q: If children are eligible for reduced price meals, are they also eligible for free milk?

A: No. Children are eligible for free milk only if they have been declared eligible for free meals. Children eligible for reduced price meals are not eligible for free milk.

26.
Q: Am I required to offer both free and reduced price meals?

A: Yes. Under the National School Lunch and Breakfast Programs, schools must make both free and reduced price meals available to those children who qualify for such meals.

Changes in Eligibility Criteria

27.
Q: When mid-year changes occur in eligibility criteria or in the operation of the program which result in a change in potential recipients, what action must a school take?

A: Under the direction of the local school food authority, a school must send the eligibility criteria to parents in a letter along with an application form. The applications must be reviewed and eligibility determined on the basis of the new criteria.

Policy Statement For Special Milk Program

28.
Q: Must schools have a separate policy statement for the Special Milk Program?

A: The same policy statement can be used for free and reduced price meals and free milk. If the school participates only in the Special Milk Program and the school food authority doesn't have an approved statement for free and reduced price meals, a separate free milk policy must be approved.

Availability of Free Milk

29.
Q: How much milk must be made available under the Special Milk Program to children eligible for free milk?

A: There is no legal or regulatory requirement or limitation as to the number of free half-pints of milk that a participating school or institution may serve to each eligible child each operating day, and claim for Special Milk Program reimbursement.

Schools and institutions that participate only in the Special Milk Program—(regardless of whether or not there is non-Federal food service)—must make free milk available to all eligible children whenever milk is offered under the program.

Those which participate in the Special Milk Program and the National School Lunch and/or School Breakfast Programs must make free milk available under the program during their meal service periods only to those eligible children who do not take the free complete meal to which they are entitled. If such a school or institution elects to operate the Special Milk Program at any times other than its scheduled meal service periods, free milk must be made available to all eligible children at all times that milk is sold to the non-needy children.

Schools must inform all eligible children—either individually or through the school newspaper, public address announcements, or other media—that free milk is available on request at the appropriate times indicated above.

"Offer Versus Serve"

30.
Q: Does "offer versus serve" apply to those students eligible for free meals and milk and reduced price meals?

A: Yes. The "offer versus serve" provision applies to all high school students receiving a reimbursable lunch, regardless of whether or not they are eligible to receive free meals and milk or reduced price meals.

Foreign Exchange Students and Boarding Schools

31.
Q: Are foreign exchange students automatically eligible for free meals?

A: No. Since a foreign exchange student resides (temporarily) with a family as one economic unit, the student is considered to be a member of that family. Any income available to the student, from whatever source, is to be combined with the income of that family and reported as total family income.

32.
Q: Is a child in a boarding school considered to be a family of one as is an institutionalized child?

A: No. Once a residential facility has been classified by the State agency or FNS regional office as a boarding school or a residential institution, the following guidance for determining family size and income should be made:

Boarding School: If a child has a family, the size and income of that family is used in determining eligibility.

Residential Institution: An institutionalized child is always a family of one. Income is cash earned or directly received by the child.

33.
Q. Is it necessary to provide information and other materials, such as the application and eligibility determination, in languages other than English?

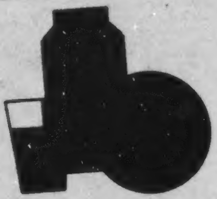
A: A reasonable amount of effort should be devoted to communicating program information to all persons with a limited or non-English communicating capability. In addition, school food authorities should send appropriate non-English language letters and application forms to parents if 5 percent or 500, whichever is less, of the children enrolled in participating schools come from families belonging to the same minority language group and having limited or non-English communicating capability. *For example:* A school food authority serving an enrollment of 1,000 children, of whom 100 (10 percent of enrollment in this case) come from Chinese families with limited or non-English communicating capability, would be required to send letters and application forms in Chinese to those families.

34.
Q: Can a school or institution participating only in the Special Milk Program serve milk free to eligible children during meal periods?

A: Yes. A school or institution participating only in the Special Milk Program must make milk available to all eligible children whenever the program is operated, including any scheduled time periods during which nonreimbursed meals are served.

Prototype
Policy

Each local school food authority must submit a free and reduced price policy to the State agency or FNS regional office for approval prior to the opening of school. This section contains a sample of such a policy. Local school food authorities receive specific directions on the development and policy approval process from the State agency or Food and Nutrition Service regional office, where applicable.



Sample Policy Statement for Free and Reduced Price Meals and Free Milk

(Schools which establish separate charges for meal and milk service)

The (name of school food authority) has agreed to participate in the (choose whichever are applicable: National School Lunch Program, School Breakfast Program, Special Milk Program and/or to receive commodities donated by USDA) and accepts responsibility for providing (choose whichever are applicable: free and reduced price meals, free milk) to eligible children in the schools under its jurisdiction.

The school food authority assures the (choose whichever is applicable: State Department of Education or Food and Nutrition Service regional office) that the school system will uniformly implement the following policy to determine children's eligibility for free and reduced price meals in all National School Lunch Program, School Breakfast Program, and commodity only schools under its jurisdiction and to determine children's eligibility for free milk in all Special Milk Program schools under its jurisdiction. In fulfilling its responsibilities the school food authority:

A.
Agrees to serve milk and meals free to children from families whose income is at or below that listed in attachment A.

B.
Agrees to serve meals at a reduced price to children from families whose income falls between the free meal scale and 195 percent of the Secretary's income poverty guidelines, listed in attachment A.

C.
Agrees to provide these benefits to any child whose family's income falls within the criteria in attachment A, after deductions are made for the following special hardship conditions which could not reasonably be anticipated or controlled by the household: unusually high medical expenses, shelter costs in excess of 30 percent of reported income, special education expenses due to the mental or physical condition of a child, and disaster or casualty losses. In addition, the school food authority agrees to provide these benefits to children from families who are experiencing unemployment which causes the family income to fall within the criteria set forth in attachment A.

D.
Agrees that there will be no physical segregation of, nor any other discrimination against, any child because of his inability to pay the full price of the meal or milk. The names of the children eligible to receive free or reduced price meals and free milk shall not be published, posted, or announced in any manner, and there shall be no overt identification of any such children by use of special tokens, tickets, or any other means. Further assurance is given that children eligible for free or reduced price meals or free milk shall not be required to:

1. Work for their meals or milk.
2. Use a separate lunchroom.
3. Go through a separate serving line.
4. Enter the lunchroom through a separate entrance.
5. Eat meals or drink milk at a different time.
6. Eat a meal different from the one sold to children paying the full price or drink milk different from that sold to children paying the full price.

E.
Agrees that in the operation of child nutrition programs, no child shall be discriminated against because of race, color, or national origin.

F.
Agrees to establish and use a fair hearing procedure for parents' appeals of the school's decisions, for school officials' challenges to the correctness of information in an application, or to the continued eligibility of any child for free or reduced price meals or free milk. During the appeal and hearing, the child will continue to receive free or reduced price meals or free milk. A record of all such appeals and challenges and their dispositions shall be retained for 3 years.

Prior to initiating the hearing procedures, the parent or local school official may request a conference to provide an opportunity for the parent and school official to discuss the situation, present information, obtain an explanation of data submitted in the application, and discuss decisions rendered. Such a conference shall not in any way prejudice or diminish the right to a fair hearing.

The hearing procedure shall provide the following:

1. A publicly announced, simple method for making an oral or written request for a hearing.
2. An opportunity to be assisted or represented by an attorney or other person.
3. An opportunity to examine, prior to and during the hearing, the documents and records presented to support the decision under appeal.
4. Reasonable promptness and convenience in scheduling a hearing, and adequate notice as to its time and place.
5. An opportunity to present oral or documentary evidence and arguments supporting a position without undue interference.
6. An opportunity to question or refute any testimony or other evidence and to confront and cross-examine any adverse witnesses.
7. That the hearing be conducted and the decision be made by a hearing official who did not participate in the decision under appeal or in any previous conference.
8. That the decision of the

hearing official be based on the oral and documentary evidence presented at the hearing and made a part of the hearing record.

9. That the parties concerned and any designated representative thereof be notified in writing of the decision of the hearing official.

10. That for each hearing a written record be prepared, including the decision under appeal, any documentary evidence and a summary of any oral testimony presented at the hearing, the decision of the hearing official and the reasons therefor, and a copy of the notification to the parties concerned of the hearing official's decision.

11. That such written record be preserved for a period of 3 years and shall be available for examination by the parties concerned or their representatives at any reasonable time and place during such period.

G.
Agrees to designate (name and title) to review applications and make determinations of eligibility. This official will use the criteria outlined in this policy to determine which individual children are eligible for free or reduced price meals and free milk.

H.
Agrees to develop and send to each child's parent or guardian a letter as outlined herein, including an application form for free or reduced price meals and free milk at the beginning of each school year and whenever there is a change in eligibility criteria.

Parents will be requested to complete the application and return it to the determining official (named in G) for review. Such applications and documentation of action taken will be maintained for 3 years after the end of the school year to which they pertain.

Applications may be filed at any time during the year. Any parent enrolling a child in a school for the first time, at any time during the year, shall be supplied with such documents. If a child transfers from one school to another under the jurisdiction of the same school food authority, his eligibility for a free or reduced price meal and free milk will be transferred to and honored by the receiving school.

All children from a family will receive the same benefits. Within 10 working days of the receipt of applications, parents or guardians will be notified individually of the acceptance or denial of their applications. Children will be served meals and milk immediately upon the establishment of their eligibility.

When an application is rejected, parents or guardians will be informed of the reason for denial and the hearing procedure. The designated hearing official is (name, title, and address).

Note: (This person must be someone not involved in the original eligibility determination. It is suggested that he hold a position superior to that of the determining official.)

I.
Agrees to submit a public release containing the same information outlined in the parent letter to the news media, local unemployment offices and major employers contemplating or experiencing large layoffs.

J.
Agrees to establish a procedure to collect money from children who pay for their meals and milk and to account for the number of free, reduced price, and full price meals served and the number of half-pints of free and full price milk served. The procedure described in attachment D will be used so that no other child in the school will consciously be made aware by such procedure of the identity of the children receiving reduced price meals or free milk and meals.

K.
Agrees to submit to the (choose whichever is applicable: State Department of Education or Food and Nutrition Service regional office) any alterations, public announcements, etc., prior to implementation. Such changes will be effective only upon approval. All changes in eligibility criteria must be publicly announced in the same manner used at the beginning of the school year.

Attachments

The following attachments are adopted with and considered part of this policy:

Attachment A
Eligibility criteria for free and reduced price meals and free milk

Attachment B
Parent letter (B-1) and application (B-2)

Attachment C
Public Release

Attachment D
Collection Procedure

Approved by:

____
Signature of local school official

____
Date

____
Signature of State Director or
FNSRO Representative

____
Date

Attachment E (optional)
A copy of a Food Stamp "Outreach" flyer can be added to the letter to the parent, application, or the notice of approval of eligibility letter that you send to parents. The inclusion of this type of flyer is purely voluntary.

Sample Policy Attachments

Eligibility Criteria for Free and Reduced Price Meals and Free Milk

Attachment A

These are the income scales used by (*school food authority*) to determine eligibility for free and reduced price meals and free milk:

Family size	Eligibility scale for free meals and free milk (dollars)	Eligibility scale for reduced price meals (dollars)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
Each additional family member		

Attachment B-1

Sample Parent Letter for Lunch, Breakfast and Milk

Delete references to meals or milk where not applicable. Delete 7th paragraph with regard to collection of racial/ethnic data where not applicable. (For use by public schools which participate in the Department of HEW Civil Rights survey and which plan to collect racial/ethnic data from parents on the application form.)

This is the parent letter and application form exactly as we will send it out on ____________ (date) for the ____________ (date) school year.

Dear Parent or Guardian:

The ____________ School serves nutritious meals every school day. Students may buy lunch for ___ cents, breakfast for ___ cents, and extra milk for ___ cents.

Children from families whose income is at or below the levels shown on the attached scale are eligible for free milk and for meals free or at a reduced price of ___ cents for lunch and ___ cents for breakfast. If your income is greater than that shown but you have unusually high medical bills, shelter costs in excess of 30 percent of your income, special education expenses due to the mental or physical condition of a child, or disaster or casualty losses, your children may still be eligible.

To apply at any time during the year for free or reduced price meals and free milk for your children, complete the attached application and return it to the school. Within ___ days of receiving your application, the school will let you know whether or not your children are eligible. If you do not agree with the school's decision, you may wish to discuss it with the school. If you wish to review the decision further, you have a right to a fair hearing. This can be done by calling or writing

____

name address phone

In certain cases foster children are also eligible for these benefits. If you have foster children living with you and wish to apply for such meals and milk for them, please notify us or indicate it on the application.

If, during the school year, changes in your family size or income places you in another category of eligibility, you should report such changes to the school officials in order that appropriate eligibility adjustments may be made.

All children are treated the same regardless of ability to pay. In the operation of child feeding programs, no child will be discriminated against because of race, color, or national origin.

A survey is being conducted in your school to collect racial/ethnic data on applicants. This information is voluntary and will not affect your child's eligibility. This information is being collected only to be sure that everyone receives school meals on a fair basis, without regard to race, color, or national origin.

The information you give on the application is confidential and will be used only for the purpose of determining eligibility for free meals and milk or reduced price meals. If we can be of any further assistance, please contact us.

Sincerely,

____
Name

____
Title

____
Date

Attachment B-2

Sample Application for Lunch, Breakfast, and Milk

Delete: References to meals or milk where not applicable. (Section on "Voluntary Civil Rights Information" where not applicable.)

Parents:

To apply for free or reduced price meals and free milk for your children, fill out this form and return it to the school office.

Names and grades of children for whom application is made:

Names: ____________ Schools: ____________ Grades: ____________

Name and address of parent or guardian:

Name ____________

Address ____________

Total number in family: ____________

Voluntary Civil Rights Information

Please check in the space provided the racial or ethnic identity of your child(ren). This information is voluntary and will not affect your child's eligibility. This information is being collected only to be sure that everyone receives school meals on a fair basis, without regard to race, color, or national origin.

- ☐ American Indian or Alaskan Native
- ☐ Asian or Pacific Islands
- ☐ Hispanic
- ☐ Black, not of Hispanic origin
- ☐ White, not of Hispanic origin
- ☐ Do not wish to give information

Total family income before deductions

Include wages of all working members, welfare payments, pensions, social security and all other income. Fill in **one**:

Yearly ____________

Monthly ____________

Weekly ____________

Every 2 weeks ____________

Other ____________

Specify: ____________

If your gross income exceeds the amount indicated in the attached family income scale and you wish to apply under any of the special hardship conditions cited in the attached letter, please complete the application form and also describe the nature of your hardship here:

Hardship and Estimated Annual Dollar Value:

- ☐ High medical bills $____________
- ☐ Disaster or casualty losses $____________
- ☐ Shelter cost $____________
- ☐ Special education expenses for children $____________

In certain cases foster children are eligible for free or reduced price meals and free milk regardless of their family's income. If you have foster children living with you and wish to apply for such meals and milk for them, please check here: ☐ The school may wish to contact you for more information about your foster child to determine eligibility.

I hereby certify that all of the above information is true and correct. I understand that this information is being given in connection with the receipt of Federal funds; that school officials may, for cause, verify information; and that deliberate misrepresentation may subject me to prosecution under applicable State and Federal criminal statutes.

Signature of adult family member ____________ Date ____________

For School Use Only

☐ Approved Free
☐ Approved Reduced
☐ Denied

Reason for denial ____________
Date ____________
Approving Official ____________

Parental Notification

Your application for free and reduced price meals and free milk for your children has been:

☐ Approved for free meals and/or free milk
☐ Approved for reduced price meals at ___ cents for lunch and ___ cents for breakfast

☐ Denied for the following reason(s):
____
____

If you do not agree with the decision you may discuss it with the school. You may appeal the decision by calling or writing name and title at address and phone

Approving Official: ____________
School Food Authority: ____________

Sample
Public Release

Delete references to meals or milk where not applicable.

Attachment C

This is the public release that we will send to (names of news media outlets and major employers contemplating layoffs) on ______________. These groups must be advised of program availability, new programs or changes in existing programs.

(Local school food authority) today announced its policy for (free and reduced price meals, free milk) for children unable to pay the full price of meals and milk served under the National School Lunch, School Breakfast, and Special Milk Programs.

Local school officials have adopted the following family size income criteria for determining eligibility: (insert scales).

Children from families whose income is at or below the levels shown are eligible for (free or reduced price meals or free milk). In addition, families not meeting these criteria but with other unusual expenses due to unusually high medical expenses, shelter costs in excess of 30 percent of income, special education expenses due to the mental or physical condition of a child, and disaster or casualty losses are urged to apply.

Application forms are being sent to all homes in a letter to parents. Additional copies are available at the principal's office in each school. The information provided on the application is confidential and will be used only for the purpose of determining eligibility. Applications may be submitted at any time during the year. A simple statement of income and family size is required, plus a signed certification by the parent or guardian that the information provided is correct.

In certain cases foster children are also eligible for these benefits. If a family has foster children living with them and wishes to apply for such meals and milk for them, it should contact the school.

Under the provisions of the policy, (title of determining official) will review applications and determine eligibility. If a parent is dissatisfied with the ruling of the official, he may wish to discuss the decision with the determining official on an informal basis.

If he wishes to make a formal appeal, he may make a request either orally or in writing to (name, address, phone of the hearing official) for a hearing to appeal the decision. The policy contains an outline of the hearing procedure.

If a family member becomes unemployed or if family size changes, the family should contact the school to file a new application. Such changes may make the children of the family eligible for reduced price meals, or for additional benefits such as free meals and milk if the family income falls at or below the levels shown above.

In the operation of child feeding programs, no child will be discriminated against because of race, color, or national origin.

Each school and the office of the (central office) has a copy of the complete policy, which may be reviewed by any interested party.

Sample
Collection Procedures

Attachment D

________________________ School(s) use(s) the following collection procedure:

(If more than one system of collection is used, explain them all and indicate which schools use which system. Describe in detail, including the method used to distribute tokens, tickets, and the like; the method used to collect children's payments—where, when, how; and the method used to account for full price, free, and reduced price meals, and free and full price milk each day. If tokens or tickets are used, attach a free, a reduced price, and a full price ticket or token.)

Sample Collection Procedures

In collecting payments for meals and milk and in distributing tickets, tokens, and so forth, school officials must ensure that there is no overt identification of recipients of free or reduced price meals and free milk. Care must be taken to prevent such identification at the time the ticket or token is issued as well as in the serving line.

Any collection system should have a built-in accounting system to record the numbers of full price, reduced price, and free meals and the quantities of full price and free milk served daily. Keeping these counts is a regulatory requirement.

The following collection methods have been effectively employed across the Nation. They can be used equally well in the National School Lunch, School Breakfast, and Special Milk Programs. To prevent overt identification of recipients and to provide adequate accountability for free milk, a separate ticket or token system for paid and free milk may be necessary. Some of them require ticket or token coding. Various methods for coding are discussed below.

☐ Before school, children can buy tickets at the cafeteria manager's office but they do not receive the tickets. The cafeteria manager sends the purchased tickets as well as tickets for free meals and milk recipients to the classroom each day. The teacher distributes the tickets just before meal time. The tickets are coded for accounting purposes.

☐ Students pay for their meals in the office. A checkoff list, incuding the names of all children eating (full price, reduced price, and free), is then prepared and sent to the cafeteria. A cashier familiar with the student body checks off names as children pass through the line. At the end of the meal service, the list is returned to the office for accounting purposes. This method will only work in a relatively small school in which one person is familiar with the entire student body.

☐ The homeroom teacher provides each child with an envelope for daily, weekly, or monthly payments. Pupils return the envelopes with payment, if paying full or reduced price, or empty if free. The envelopes are collected in the school office and coded tickets are issued to every participating student.

☐ Parents pay in advance by the month. Each teacher receives a list of those children who have paid. Those children who receive free meals or milk are marked paid, so no one but the bookkeeper knows which children receive a free meal or milk. Teachers keep daily records of each child served.

☐ Meal payments are collected in the school secretary's office. Payments can be made by children or parents on a daily, weekly, or monthly basis. The secretary records payments and knows which children qualify for free meals or free milk. Identical tickets labeled only with children's names are distributed in the classrooms by the secretary. Since parents may make payments, even children who receive free meals or milk may not know whether their meals or milk are free, reduced price, or full price.

☐ Parents are billed monthly for full price or reduced price meals their children are served. All payments are mailed in so that no money is collected in classrooms. All participating students receive a monthly ticket which is punched each time the student eats. At the end of the month the tickets are collected and a clerk calculates the amount to be billed.

Coding Methods

☐ *Number coding.* Free meal or milk tickets all have a four-digit number, reduced price tickets a five-digit number, and full-price tickets a six-digit number.

☐ *Number coding by series.* Numbers 1 through 1,999 are free meal or milk tickets; numbers 2,000 through 3,999 are reduced price tickets; and numbers 4,000 through 5,999 are full price tickets.

☐ *Names.* Tickets have the child's name on them and can later be compared to a checklist.

☐ *Date stamp.* Tickets have the date stamped on them in different spots. For instance, tickets with the date stamped in the top third may be full price, tickets stamped in the middle third are free, and tickets stamped on the bottom are reduced price.

Sample

(The inclusion of this type of flyer is purely voluntary.)

Attachment E
(Optional)

Are you unemployed, or working for low wages, on a pension or social security, or receiving public assistance?

Would you like more nutritious meals for your family?

Food stamps can help you buy more and better food. To find out if you are eligible for them, contact:

____

____

Free and Reduced Price Policy Checklist

If you develop your own policy, letter to parents, public release, or application, you should check it against this list to ensure that it contains all the items required.

Your Policy Statement Must Contain:

- ☐ Reference to all programs in which you participate: breakfast, lunch, milk.
- ☐ Reference to free and reduced price meals and free milk.
- ☐ Title of official designated to make the eligibility determinations.
- ☐ Family size and income criteria to determine eligibility, including the four specified hardship provisions and the foster children provision.
- ☐ Application procedure.
- ☐ Description of collection procedure(s).
- ☐ Nondiscrimination assurances.
- ☐ Assurance that application will be accepted at any time during the school year.
- ☐ Assurance that free and reduced price meal and free milk recipients may transfer eligibility within a school district.
- ☐ Assurance that all children in the same family will receive the same benefits.
- ☐ Statement that your policy will be announced by means of a letter to parents.
- ☐ Assurance that the same information outlined in the parent letter will be submitted to the informational media.
- ☐ Assurance that if lunch, breakfast and milk are served, eligibility criteria are the same.
- ☐ Complete hearing procedure.
- ☐ Assurance that recipients of free and reduced price meals and free milk will continue to receive benefits during the time an appeal is pending.
- ☐ Copy of public release.
- ☐ Copy of application.
- ☐ Copy of letter to parents.
- ☐ Copy of family-size income scale.
- ☐ Copy of collection procedure(s).

The Letter to Parents Must:

- ☐ Contain complete eligibility criteria, including the four specified hardship conditions and statement of possible eligibility of foster children.
- ☐ Indicate that an application is included.
- ☐ Provide instructions for submitting an application.
- ☐ Tell how to appeal (oral/written).
- ☐ Tell where to appeal.
- ☐ Give the reduced prices for lunch and breakfast.
- ☐ Contain the statement: "In the operation of child feeding programs, no child will be discriminated against because of race, color, or national origin."
- ☐ Contain reference to changes in income.
- ☐ Contain assurance that application is confidential and used only for determining eligibility.

The Application Form Must:

- ☐ Be clear and simple and request only information required to determine eligibility: number in family, family income, certification of true and accurate information (with penalty statement for deliberate misrepresentation), and signature of adult family member.
- ☐ Tell where to submit application.
- ☐ Include the statement: "In certain cases foster children are eligible for free or reduced price meals and free milk regardless of family income. If you have foster children living with you and wish to apply for such meals for them, please contact us."
- ☐ Include the statement: "If your gross family income exceeds the amount indicated in the family income scale as shown and you wish to apply for free or reduced price meals and free milk for your children under any of the special hardship conditions cited in the letter, please complete this application form and also describe the nature of your hardship."
- ☐ Include the fraud warning statement.

The Public Release Must Contain:

- ☐ Eligibility criteria, including the four specified hardship conditions and the statement of possible eligibility of foster children.
- ☐ Instructions for obtaining applications.
- ☐ Instructions for appeal (oral/written).
- ☐ Nondiscrimination statement.
- ☐ Unemployment reference.
- ☐ Assurance that application is confidential and used only for determining eligibility.

Collection Procedure(s) Must:

- ☐ Prevent overt identification of children receiving free or reduced price meals and free milk at the time meal is served.
- ☐ Prevent overt identification of children receiving free or reduced price meals and free milk at the time the medium of exchange (ticket, token, etc., is obtained.

Addendum

Sample Parent Letter for Lunch, Breakfast, and Milk—Spanish

Delete references to meals, or milk where not applicable. Delete section on "Voluntary Civil Rights Information" where not applicable.

If you serve an area with high concentrations of parents who do not speak English, you should develop the letters to parents and applications in the language of the people.

This section contains the parent letter and application in Spanish.

Estimados Padres:

La escuela (Name of School) sirve comidas nutritivas diariamente durante los dias escolares. Los estudiantes pueden comprar el almuerzo por (price of lunch) centavos, el desayuno por (price of breakfast) centavos, y leche adicional por (price of milk) centavos.

Los niños de familias cuyos ingresos son al nivel o bajo del nivel según la escala que incluimos, pueden obtener leche gratis y comidas gratis o a precio reducido de (reduced price for lunch) centavos por el almuerzo y de (reduced price for breakfast) centavos por el desayuno. Si sus ingresos son mayores que lo que se indica, sus hijos pueden aun ser elegibles bajo las siguientes circumstancias: si tiene cuentas médicas excesivas, gastos de domicilio que exceden treinta por ciento de sus ingresos, gastos por educación especializada de su hijo por causa de una incapacidad fisica o mental, y pérdidas accidentales u a consecuencia de desastres.

Para aplicar en cualquier tiempo del año para leche gratis y comidas gratis o a precio reducido para sus hijos, hagan el favor de completar la aplicación adjunta y remitirla a la escuela. La escuela responderá al respecto dentro de (number of days to approve application) dias de recibir su aplicación, informándoles si sus hijos son eligibles. Si no aceptan a decisión, tienen el derecho de solicitar una audiencia. En tal caso, por favor escriban al Sr. (a) (name and address of hearing official) o llamen al teléfono (telephone number)

También hay casos en que niños al cuidado de una familia, califican para estos beneficios. Si ustedes tienen tales niños en su residencia y desean que estos niños reciban las comidas y la leche, hagan el favor de mencionarlo en la aplicación.

Si durante el año escolar, cambios en el tamaño de su familia o en sus ingresos les ponen en otra categoria de elegibilidad, tenga la bondad de notificar la escuela de tales cambios para que se puedan hacer los adjustamientos apropiados de elegibilidad.

A todos los niños se les trata igual; no importa si pagan o no. En los programas de alimentación escolar los ninos no serán descriminados a causa de raza, color, u origen nacional.

Un encuesta se está llevando a cabo en su escuela para recoger información racial o étnica sobre los solicitantes. Esta información es voluntaria y no afectar a la elegibilidad de su niño. Pedimos esta información para asegurar que cada niño reciba las comidas escolares de una manera justa sin reparo alguno con respecto a raza, color u origen nacional.

La información que remite en la aplicación es confidencial y será usada para el propósito de determinar la elegibilidad de recibir comidas y leche gratis o comidas a precios reducidos.

Por favor comuniquese con nosotros si le podemos servir en algo más.

Sinceramente,

(Nombre) ______________________________

(Titulo) ______________________________

(Fecha) ______________________________

(Teléfono) ______________________________

Sample Application for Lunch, Breakfast, and Milk—Spanish

Delete references to meals, or milk where not applicable. Delete section on "Voluntary Civil Rights Information" where not applicable.

Padres:

Llenen este modelo para solicitar leche gratis y comidas gratis o a precios reducidos para sus niños y devuélvanlo a la oficina de la escuela.

Nombre y grado de los niños para quien la aplicación se hace:

Nombre:	**Escuela:**	**Grado:**
____________	____________	____________
____________	____________	____________
____________	____________	____________

Nombre y dirección de padres o guardianes:

Nombres ______________________

Dirección ______________________

Número de miembros en la familia: ____________

Información voluntaria de derechos civiles

En la cajita marque la identidad racial o étnica de su (s) niño (s). Esta información es voluntaria y no afectará la elegibilidad de su niño. Pedimos esta informacion para asegurar que cada niño reciba las comidas escolares de una manera justa sin reparo alguno con respecto a raza, color o origin nacional.

- ☐ indio norteamericano
- ☐ o nativo de Alaska
- ☐ hispano
- ☐ negro, no de origen hispano
- ☐ caucásico, no de origen hispano
- ☐ No deseo divulgar esta información.

Total de ingresos antes de deducciones:

Incluya sueldos de todos los miembros de familia que trabajan, pagos de beneficencia, pensiones, seguro social, y toda entrada de dinero. Llenen uno solamente:

Anual ____________

Mensual ____________

Semanal ____________

Cada dos semanas ____________

Otro ____________

Especifique ____________

Si sus ingresos exceden la cantidad indicada en la escala adjunta y ustedes desean aplicar bajo una de las condiciones especiales nombradas anteriormente en la carta, hagan el favor de completar este modelo y describan detalladamente la condición o condiciones de su dificultad:

Dificultades y volar estimado en dolares:

☐ Cuentas médicas excesivas	$____________
☐ Pérdidas accidentales o a consequencia de desastres	$____________
☐ Gastos de domicilio	$____________
☐ Gastos en educación especializada para niños	$____________

Hay casos en que niños al cuidado de una familia califican para obtener leche gratis y comidas gratis o a precios reducidos; no importa el ingreso de la familia. Si ustedes tienen tales niños en su casa y desean que participen en las comidas y la leche, ☐ favor de indicarlo aquí. La escuela deseara communicarse con ud, para más informacion sobre los niños al cuidado de una familia para deter minar la elegibilidad

Por este medio, certifico que toda la información arriba mencionada es verdadera y correcta. Es mi entendimiento que esta información se hace en relación con el recibo de fondos Federales; que la administración de la escuela puede por causa o razón justa verificar dicha información y que toda falsa representación rendida deliberadamente puede conducir a que el solicitante sea procesado bajo los estatutos penales del Estado o del Gobierno Federal.

Firma (jefe de la familia) ____________________ Fecha ____________

Para Uso Solamente por la Escuela

☐ Approved Free
☐ Approved Reduced
☐ Denied

Reason for denial ____________________
Date ____________________
Approving Official ____________________

Su aplicación para obtener leche gratis y comidas gratis o a precios reducidos para sus niños ha sido:

☐ Aprobada/comidas gratis y leche gratis.

☐ Aprobada/comidas a precios reducidos a______ centavos para almuerzo y a______ centavos para desayuno.

☐ Rehusada. Razón por la cual:
____
____
____

Ustedes pueden apelar esta decisión si no están de acuerdo. En tal caso, sírvanse de escribir a
____
____
o llame al____________________

SCHOOL LUNCH PROGRAM—EXPANSION

For Legislative History of Act, see p. 3014

PUBLIC LAW 91-248; 84 STAT. 214

[H. R. 515]

An Act to amend the National School Lunch Act and the Child Nutrition Act of 1966 to clarify responsibilities related to providing free and reduced-price meals and preventing discrimination against children, to revise program matching requirements, to strengthen the nutrition training and education benefits of the programs, and otherwise to strengthen the food service programs for children in schools and service institutions.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That:

AUTHORIZATION FOR ADVANCE APPROPRIATIONS; CARRYOVER AUTHORIZATION

Section 1. (a) Section 3 of the National School Lunch Act[1] is amended by inserting at the end thereof the following: "Appropriations to carry out the provisions of this Act and of the Child Nutrition Act of 1966 for any fiscal year are authorized to be made a year in advance of the beginning of the fiscal year in which the funds will become available for disbursement to the States. Notwithstanding any other provision of law, any funds appropriated to carry out the provisions of such Acts shall remain available for the purposes of the Act for which appropriated until expended."

(b) The first sentence of section 10 of the National School Lunch Act[2] and the first sentence of section 12(d) (5) of such Act[3] are each amended by striking the words "preceding fiscal year" and inserting in lieu thereof the following: "fiscal year beginning two years immediately prior to the fiscal year for which the Federal funds are appropriated".

NONFOOD ASSISTANCE PROGRAM AUTHORIZATION

Sec. 2. Sections 5(a) and 5(b) of the Child Nutrition Act of 1966[4] are amended to read as follows:

"(a) There is hereby authorized to be appropriated for the fiscal year ending June 30, 1971, not to exceed $38,000,000, for the fiscal year ending June 30, 1972, not to exceed $33,000,000, for the fiscal year ending June 30, 1973, not to exceed $15,000,000, and for each succeeding fiscal year, not to exceed $10,000,000, to enable the Secretary to formulate and carry out a program to assist the States through grants-in-aid and other means to supply schools drawing attendance from areas in which poor economic conditions exist with equipment, other than land or buildings, for the storage, preparation, transportation, and serving of food to enable such schools to establish, maintain, and expand school food service programs. In the case of a nonprofit private school, such equipment shall be for use of such school principally in connection with child feeding programs authorized in this Act and in the National School Lunch Act, as amended, and in the event such equipment is no longer so used, it may be transferred to another non-profit private school participating in any of such programs or to a public school participating in any of such programs, or, failing either of these dispositions, that part of such equipment financed with Federal funds, or the residual value thereof, shall revert to the United States.

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[1] 42 U.S.C.A. § 1752.

[2] 42 U.S.C.A. § 1759.

[3] 42 U.S.C.A. § 1760(d) (5).

[4] 42 U.S.C.A. § 1774(a), (b).

"(b) The Secretary shall apportion 50 per centum of the funds appropriated for the purposes of this section among the States during each fiscal year on the same basis as apportionments are made under section 4 of the National School Lunch Act, as amended, for supplying agricultural and other foods. The remaining funds appropriated for the purposes of this section shall be apportioned to each State on the basis of the ratio between the number of children enrolled in schools without a food service in such State and the number of children enrolled in schools without a food service in all States. Payments to any State of funds apportioned for any fiscal year shall be made upon condition that at least one-fourth of the cost of any equipment financed under this subsection shall be borne by State or local funds."

ADMINISTRATIVE EXPENSES, NUTRITION EDUCATION, AND DIRECT EXPENDITURES

Sec. 3. The first sentence of section 6 of the National School Lunch Act[5] is amended to read as follows: "The funds provided by appropriation or transfer from other accounts for any fiscal year for carrying out the provisions of this Act, and for carrying out the provisions of the Child Nutrition Act of 1966, other than section 3 thereof, less

"(1) not to exceed 3½ per centum thereof which per centum is hereby made available to the Secretary for his administrative expenses under this Act and under the Child Nutrition Act of 1966;

"(2) the amount apportioned by him pursuant to sections 4 and 5 of this Act and the amount appropriated pursuant to sections 11 and 13 of this Act and sections 4, 5, and 7 of the Child Nutrition Act of 1966; and

"(3) not to exceed 1 per centum of the funds provided for carrying out the programs under this Act and the programs under the Child Nutrition Act of 1966, other than section 3, which per centum is hereby made available to the Secretary to supplement the nutritional benefits of these programs through grants to States and other means for nutritional training and education for workers, cooperators, and participants in these programs and for necessary surveys and studies of requirements for food service programs in furtherance of the purposes expressed in section 2 of this Act and section 2 of the Child Nutrition Act of 1966,

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[5] 42 U.S.C.A. § 1755.

shall be available to the Secretary during such year for direct expenditure by him for agricultural commodities and other foods to be distributed among the States and schools and service institutions participating in the food service programs under this Act and under the Child Nutrition Act of 1966 in accordance with the needs as determined by the local school and service institution authorities."

STATE MATCHING REQUIREMENTS

Sec. 4. Section 7 of the National School Lunch Act is[6] further amended by inserting immediately before the last sentence of such section the following: "For the fiscal year beginning July 1, 1971, and the fiscal year beginning July 1, 1972, State revenue (other than revenues derived from the program) appropriated or utilized specifically for program purposes (other than salaries and administrative expenses at the State, as distinguished from local, level) shall constitute at least 4 per centum of the matching requirement; for each of the two succeeding fiscal years, at least 6 per centum of the matching requirement; for each of the subsequent two fiscal years, at least 8 per centum of the matching requirement; and for each fiscal year thereafter, at least 10 per centum of the matching requirement. The State revenues made available pursuant to the preceding sentence shall be disbursed to schools, to the extent the State deems practicable, in such manner that each school receives the same proportionate share of such revenues as it receives of the funds apportioned to the State for the same year under sections 4 and 11 of the National School Lunch Act and sections 4 and 5 of the Child Nutrition Act of 1966."

STATE ADMINISTRATIVE EXPENSES

Sec. 5. The first sentence of section 7 of the Child Nutrition Act of 1966[7] is amended (1) by inserting "or for the administrative expenses of any other designated State agency" immediately after "its administrative expenses"; and (2) by inserting "and service institutions" immediately after "local school districts".

ADDITIONAL PROGRAM REQUIREMENTS AND AUTHORITY

Sec. 6. (a) The second sentence of section 9 of the National School Lunch Act (42 U.S.C. 1751)[8] is amended by inserting "not exceeding 20 cents per meal" immediately after "or at a reduced cost".

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[6] 42 U.S.C.A. § 1756.

[7] 42 U.S.C.A. § 1776.

[8] 42 U.S.C.A. § 1758.

(b) Section 9 of the National School Lunch Act is further amended by inserting after the second sentence thereof the following: "Such determinations shall be made by local school authorities in accordance with a publicly announced policy and plan applied equitably on the basis of criteria which, as a minimum, shall include the level of family income, including welfare grants, the number in the family unit, and the number of children in the family unit attending school or service institutions; but, by January 1, 1971, any child who is a member of a household which has an annual income not above the applicable family size income level set forth in the income poverty guidelines shall be served meals free or at reduced cost. The income poverty guidelines to be used for any fiscal year shall be those prescribed by the Secretary as of July 1 of such year. In providing meals free or at reduced cost to needy children, first priority shall be given to providing free meals to the neediest children. Determination with respect to the annual income of any household shall be made solely on the basis of an affidavit executed in such form as the Secretary may prescribe by an adult member of such household."

(c) Section 13(f) of the National School Lunch Act[9] is amended by inserting after the second sentence, a new sentence: "Such determinations shall be made by the service institution authorities in accordance with a publicly announced policy and plan applied equitably on the basis of criteria which, as a minimum, shall include the level of family income, including welfare grants, the number in the family unit, and the number of children in the family unit attending school or service institutions."

(d) The third sentence of section 9 of the National School Lunch Act[10] and the fourth sentence of section 13(f) of such Act[11] and the fourth sentence of section 4(e) of the Child Nutrition Act of 1966[12] are each amended by striking out the period at the end of the sentence and inserting in lieu thereof a comma and the following: "nor shall there be any overt identification of any such child by special tokens or tickets, announced or published lists of names, or other means."

(e) Section 9 of the National School Lunch Act is further amended by inserting at the end thereof the following: "The Secretary is authorized to prescribe terms and conditions respecting the use of commodities donated under such section 32, under section 416 of the Agricultural Act of 1949, as amended, and under section 709 of the Food and Agriculture Act of 1965, as amended, as will maximize the nutritional and financial contributions of such donated commodities in such schools and institutions. The requirements of this section relating to the service of meals without cost or at a reduced cost shall apply to the lunch program of any school utilizing commodities donated under any of the provisions of law referred to in the preceding sentence. None of the require-

[9] 42 U.S.C.A. § 1761(f).
[10] 42 U.S.C.A. § 1758.
[11] 42 U.S.C.A. § 1761(f).
[12] 42 U.S.C.A. § 1773(e).

ments of this section in respect to the amount for 'reduced cost' meals and to eligibility for meals without cost shall apply to nonprofit private schools which participate in the school lunch program under the provisions of section 10 until such time as the Secretary certifies that sufficient funds from sources other than children's payments are available to enable such schools to meet these requirements."

SPECIAL ASSISTANCE

Sec. 7. Section 11 of the National School Lunch Act [13] is amended to read as follows:

"SPECIAL ASSISTANCE

"Sec. 11. (a) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1971, and for each succeeding fiscal year such sums as may be necessary to provide special assistance to assure access to the school lunch program under this Act by children of low-income families.

"(b) Of the sums appropriated pursuant to this section for any fiscal year, 3 per centum shall be available for apportionment to Puerto Rico, the Virgin Islands, Guam, and American Samoa. From the funds so available the Secretary shall apportion to each such State an amount which bears the same ratio to such funds as the number of children aged three to seventeen, inclusive, in such State bears to the total number of such children in all such States. If any such State cannot utilize for the purposes of this section all of the funds so apportioned to it, the Secretary shall make further apportionment on the same basis as the initial apportionment to any such State which justifies, on the basis of operating experience, the need for additional funds for such purposes.

"(c) The remaining sums appropriated pursuant to this section for any fiscal year shall be apportioned among States, other than Puerto Rico, the Virgin Islands, Guam, and American Samoa. The amount apportioned to each such State shall bear the same ratio to such remaining funds as the number of children in such State aged three to seventeen, inclusive, in households with incomes of less than $4,000 per annum bears to the total number of such children in all such States. If any such State cannot utilize for the purposes of this section all of the funds so apportioned to it, the Secretary shall make further apportionment on the same basis as the initial apportionment to any such State which justifies, on the basis of operating experience, the need for such additional funds for such purposes.

"(d) Payment of the funds apportioned to any State under this section shall be made as provided in the last sentence of section 7 of this Act.

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[13] 42 U.S.C.A. § 1759a.

"(e) Funds paid to any State for any fiscal year pursuant to this section shall be disbursed to schools in such State to assist them in financing all or part of the operating costs of the school lunch program in such schools including the costs of obtaining, preparing, and serving food. The amounts of funds that each school shall from time to time receive, within a maximum per meal amount established by the Secretary for all States, shall be based on the need of the school for assistance in meeting the requirements of section 9 of this Act concerning the service of lunches to children unable to pay the full cost of such lunches.

"(f) If in any State the State educational agency is not permitted by law to disburse funds paid to it under this Act to nonprofit private schools in the State, the Secretary shall withhold from the funds apportioned to such State under subsection (b) or (c) of this section an amount which bears the same ratio to such funds as the number of free or reduced-price lunches served in accordance with section 9 of this Act in the fiscal year beginning two years immediately prior to the fiscal year for which the funds are appropriated, by all nonprofit private schools participating in the program under this Act in such State, bears to the number of such free and reduced-price lunches served during such prior year by all schools participating in the program under this Act in such State. The Secretary shall disburse the funds so withheld directly to the nonprofit private schools within such State for the same purposes and subject to the same conditions as are applicable to a State educational agency disbursing funds under this section.

"(g) In carrying out this section, the terms and conditions governing the operation of the school lunch program set forth in other sections of this Act, including those applicable to funds apportioned or paid pursuant to section 4 or 5 but excluding the provisions of section 7 relating to matching, shall be applicable to the extent they are not inconsistent with the express requirements of this section.

"(h) (1) Not later than January 1 of each year, each State educational agency shall submit to the Secretary, for approval by him as a prerequisite to receipt of Federal funds or any commodities donated by the Secretary for use in programs under this Act and the Child Nutrition Act of 1966 a State plan of child nutrition operations for the following fiscal year, which shall include, as a minimum, a description of the manner in which the State educational agency proposes (A) to use the funds provided under this Act and funds from sources within the State to furnish a free or reduced-price lunch to every needy child in accordance with the provisions of section 9; (B) to extend the school-lunch program under this Act to every school within the State, and (C) to use the funds provided under section 13 of this Act and section 4 of the Child Nutrition Act of 1966 and funds from sources within the State to the maximum extent practicable to reach needy children.

"(2) Each school participating in the school-lunch program under this Act shall report each month to its State educational agency the average number of children in the school who received free lunches and the average number of children who received reduced price lunches during the immediately preceding month. Each participating school shall provide an estimate, as of October 1 and March 1 of each year, of the number of children who are eligible for a free or reduced price lunch.

"(3) The State educational agency of each State shall report to the Secretary each month the average number of children in the State who received free lunches and the average number of children in the State who received reduced price lunches during the immediately preceding month. Each State educational agency shall provide an estimate as of October 1 and March 1 of each year, of the number of children who are eligible for a free or reduced price lunch."

REGULATIONS

Sec. 8. Section 10 of the Child Nutrition Act of 1966 [14] is amended by striking out the period at the end thereof and inserting in lieu thereof the following: "and the National School Lunch Act, including regulations relating to the service of food in participating schools and service institutions in competition with the programs authorized under this Act and the National School Lunch Act. In such regulations the Secretary may provide for the transfer of funds by any State between the programs authorized under this Act and the National School Lunch Act on the basis of an approved State plan of operation for the use of the funds and may provide for the reserve of up to 1 per centum of the funds available for apportionment to any State to carry out special developmental projects."

NATIONAL ADVISORY COUNCIL

Sec. 9. The National School Lunch Act is amended by adding at the end thereof the following new section:

"NATIONAL ADVISORY COUNCIL

"Sec. 14. (a) There is hereby established a council to be known as the National Advisory Council on Child Nutrition (hereinafter in this section referred to as the 'Council') which shall be composed of thirteen members appointed by the Secretary. One member shall be a school administrator, one member shall be a person engaged in child welfare work, one member shall be a person engaged in vocational education work, one member shall be a nutrition expert, one member shall be a school food service management expert, one member shall be a State superintendent of schools (or the equivalent thereof), one member shall be a State school lunch director (or the equivalent thereof), one member shall be a person serving on a school board, one member shall be a classroom teacher, and four members shall be officers or employees of the Department of Agriculture specially qualified to serve on the Council because of their education, training, experience, and knowledge in matters relating to child food programs.

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[14] 42 U.S.C.A. § 1779.

"(b) The nine members of the Council appointed from outside the Department of Agriculture shall be appointed for terms of three years, except that such members first appointed to the Council shall be appointed as follows: Three members shall be appointed for terms of three years, three members shall be appointed for terms of two years, and three members shall be appointed for terms of one year. Thereafter all appointments shall be for a term of three years, except that a person appointed to fill an unexpired term shall serve only for the remainder of such term. Members appointed from the Department of Agriculture shall serve at the pleasure of the Secretary.

"(c) The Secretary shall designate one of the members to serve as Chairman and one to serve as Vice Chairman of the Council.

"(d) The Council shall meet at the call of the Chairman but shall meet at least once a year.

"(e) Seven members shall constitute a quorum and a vacancy on the Council shall not affect its powers.

"(f) It shall be the function of the Council to make a continuing study of the operation of programs carried out under the National School Lunch Act, the Child Nutrition Act of 1966, and any related Act under which meals are provided for children, with a view to determining how such programs may be improved. The Council shall submit to the President and the Congress annually a written report of the results of its study together with such recommendations for administrative and legislative changes as it deems appropriate.

"(g) The Secretary shall provide the Council with such technical and other assistance, including secretarial and clerical assistance, as may be required to carry out its functions under this Act.

"(h) Members of the Council shall serve without compensation but shall receive reimbursement for necessary travel and subsistence expenses incurred by them in the performance of the duties of the Council."

SCHOOL BREAKFAST PROGRAM AUTHORIZATION

Sec. 10. Section 4(a) of the Child Nutrition Act of 1966[15] is hereby amended by striking out "$12,000,000" and inserting "$25,000,000".

Approved May 14, 1970.

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[15] 42 U.S.C.A. § 1773(a).

Ms. GLAVIN. We continue to vigilantly monitor the implementation of these regulations. We are not aware of unresponsiveness on the part of States or local educational agencies in the approval of improper systems.

You may be assured that Carol Tucker Foreman, Assistant Secretary, and Bob Greenstein, Administrator, Food and Nutrition Service, share the concern that implemented systems guard against discrimination in the service of free and reduced-priced meals.

If there is information to the effect that certain systems are not proper, we would like to be informed so that we may correct the situation. In addition, we intend to examine any improper systems cited during these proceedings.

Mr. Chairman, I share your concern that needy children not be obliged to not participate in the school lunch programs because of discrimination.

Ms. Zang's suggestions on the development of guidance materials and working with State directors at upcoming meetings are very useful and we will implement them.

Several witnesses yesterday asked that the Department go beyond that, that we prohibit the use of cash in the cafeteria and that we ban the sale of foods other than the federally reimbursed meal.

Mr. Chairman, the Department does not have the authority to take those actions, nor do we feel that it would be in the best interests of the program to do so.

As you said yesterday, Mr. Chairman, as Ms. Wosoba said this morning, school officials who want to make this program work and who want to protect the dignity of their students can do so. We can and will help them to do so within the authority and the requirements of the existing legislation and regulations.

Thank you, Mr. Chairman.

Chairman PERKINS. Let me thank all of you as a panel. You have been most helpful. I have a few questions.

If the administration were to succeed in its efforts to cut back on the reimbursement for paying students in the school lunch program, the subcommittee has received testimony predicting that a significant number of paying students would opt out of the program in many schools throughout the country.

I would like to ask Ms. Wosoba, Ms. Zang, Ms. Glavin, in that event if you feel that a decrease in the paying student participation would serve to further frustrate this issue of the identification of low-income students?

Go ahead and answer first, Ms. Wosoba.

Ms. WOSOBA. Congressman Perkins, I don't think I understood the question. I am sorry. I have a hearing problem anyway. Would you repeat what you asked me?

Chairman PERKINS. Yes.

Well, we have had testimony to the effect that if the reimbursement rate for paying students in the school lunch program, if the administration is proposing to cut it back on the school program 5 cents and if the administration were to succeed in cutting back the reimbursement rate on the paying student in the regular school lunch program 5 cents, that we have had testimony to the effect that there would be dropouts in the school lunch program throughout the country.

Do you feel that a decrease in the paying student participation would serve to further frustrate this identification of the low income students?

You go ahead and answer, Ms. Zang, yourself, on this question.

Ms. ZANG. I think it would because it would substantially drive out the paying kids which would mean the remaining kids would be free and reduced-price kids. It would be pretty obvious class discrimination.

Chairman PERKINS. You would agree that that is the truth?

Ms. ZANG. Yes.

Chairman PERKINS. That is the reason why you believe, as you stated?

Ms. ZANG. Yes.

Chairman PERKINS. Do you care to comment, Ms. Glavin?

Ms. GLAVIN. Yes.

Mr. Chairman, as you know, we estimate that a 5-cent cut in the section 4 rate to paying children would result in about a 4-percent decrease in participation among those children. That has been part of our budget submission.

I would question whether that small a drop in participation would have much impact on the kind of program we have or on the problem of identifying needy children.

Chairman PERKINS. Mr. Koth, do you want to comment on that?

Mr. KOTH. On whether there would be a drop—I think there would be a drop. I do feel there would be a drop in the participation program.

Again, the kids would be noticeably identifiable because the paying kids would no longer be there.

Chairman PERKINS. Now, another question:

We have learned from the witnesses today and yesterday that discrimination in the lunch programs does exist. We have also learned that a large contributor to the problem is that local administrators do not always use collection procedures that protect a child's identity.

You have all recommended alternative procedures that would ameliorate the situation. However, this is assuming that local administrators will cooperate and switch over to these new procedures, regardless of the fact that they have been using other procedures for years and years.

There is already concern on both the State and local levels that Federal redtape is becoming more and more of a problem.

My question is, and I would also like the Department to respond to this, what can be done on the Federal level to insure the cooperation of the local administrators, especially those that do not see discrimination as a problem?

I would like for the Department to answer first.

Ms. GLAVIN. I believe one of the points Ms. Zang made is very relevant here and that is that school administrators are looking for already developed procedures that they can use. We have done some of this in our handbooks. I think there are four or five different procedures provided to them there.

I think we need to do more to insure that the handbook gets to local school administrators since apparently in some cases it is not getting there.

Beyond that, I think we have to be careful that the lines we draw and the requirements we draw are not things that are going to cause school administrators other problems.

That is why I stated that we don't feel that solutions such as removing cash from the lunchroom are an answer. I think those are going to cause so many additional problems that local schools will object to them. It is all very well to say, charge families for 10 meals at a time, but for some families that is not possible. There is not 10 days' worth of money at the beginning of a 2-week period.

So they will start dropping out of the program because they don't have 10 meals' worth of money so they won't participate for those 2 weeks.

Those are the kinds of questions that I think have to be considered in determining what restrictions we are going to place on schools. I don't think we want to solve this problem by creating other problems.

Chairman **Perkins**. Ms. Zang, do you care to comment on that? Go ahead.

Ms. **Zang**. I would love to comment. I think one of the problems is that we are not explicit enough about just how to get rid of discrimination.

You say that there should not be, you have to have cash and tickets in the cafeteria. I would say that as long as those systems are allowed, there is going to be discrimination. A school district might check off on its application, we collect money and issue tickets, but they don't require kids to buy tickets somewhere before they get to the cafeteria. The kids are allowed the option of buying a ticket and they don't usually take that option.

Therefore, you have cash and tickets. Cash are the paid kids and the tickets are the free or reduced-price kids. There is going to be discrimination. Even though the paperwork is fine, the practice is discriminatory.

I think looking back over the years of work that I have done in this field, the value of doing the groundwork, of showing people explicit systems, here is how you do it, here is where it is being done, here are some choices for you, and allowing those local administrators to select from those choices or come up with their own, rather than giving them some vague information about, don't set up discriminatory practices, and then coming around to monitor.

Nobody likes to be monitored. People like to be helped and encouraged, but they don't like to be monitored because there is something wrist slapping about that.

If the groundwork is laid and if people have clear choices about what they are doing, there should not be so many problems. People will be less resistant to change. If they have to invent systems and then be monitored from above, there is resistence to that and people don't want to change that.

Chairman **Perkins**. Mr. Koth?

Mr. **Koth**. Well, my response to administrators who say there is a lot of Federal redtape is, maybe that might be true, but they are in the business of educating kids and they are in the business of making sure that kid makes the best adjustment he possibly can. I don't see any reason why an administrator, and I am one myself, has to put out the effort to make sure this program functions appropriately.

In Baltimore County we don't separate between different colored tickets. Everybody gets the same ticket. They pick it up in the morning. There is no exchange of cash and nobody really knows who is free, who is reduced, and who is paid.

The big problem, though, is that even in the best of systems there are going to be kids that, again for the social reasons, are not going to be doing this. They just prefer not to eat or do other things.

So I think guidelines can be addressed to local schools to point out that they have a responsibility in dealing with kids to eliminate discriminatory actions that occur. Not because they impose them because they want to, but it is because they just have other things of higher priorities.

People don't holler about free lunches the way they holler about getting a youngster in special education or improving the reading textbooks or doing other things.

Chairman **Perkins**. Mrs. Glavin, let me ask you a question: Evidence shows that more children, low-income children, are continuously identified in the school lunchroom, and in view of the widespread identification of these free and reduced-price children participating in the school lunch program, don't you feel that the Department of Agriculture could do more than they are presently doing in that respect toward eliminating the identification?

Ms. **Glavin**. Obviously, there is a need to do more. I think that some of the suggestions that have been made over the last 2 days are very good suggestions and we certainly will move to improve our guidance if it is not specific enough, to try to get it into the hands of people who need it.

What I have heard over the last 2 days is that although the guidance exists, it is not getting into the right hands. Clearly, we need to work on that.

Chairman **Perkins**. I don't think you need to write the guidelines completely for any local school district that participates in their school lunch program. But hold some tight reins and if they fail to inaugurate a satisfactory solution and they continue to let these children be identified in a reckless, careless manner without the exercise of a high degree of care, then I would think the Department should have the authority to do something about that situation.

We would like to help the Department come up with some solution to this situation. I know when we lived over in Virginia and they had an impacted aid problem, it was different completely. It is kind of like comparing oranges and apples, but at the same time it would give you an idea. I would fill out a questionnaire about my income every year. He would carry that back with him to the school.

This could be done with the administrator, and from that point on the administrator could work out some solution. You can work out a system where the child would not be identified unless the child gave it away himself.

There are different ways to tackle this problem. We have tried to do something about it since 1968. We have harped on it continuously.

So many local school districts take such little interest in the school lunchroom. That is the thing that worries me throughout the country. As hard as we have worked to build a good program, and they are at times the ones that are helping tear down this program.

The school superintendents must be really interested in this program if we are going to have a very successful school lunch program, the largest feeding program in the world.

I want to see us go forward and make progress and not come in with amendments proposing to cut back anywhere along the line, whether it is free, reduced, or paying.

I stand for a universal free lunch program, but I know the funds are not available to do that. But it worries you, when you put in so many years on this program that some people at the local level are carrying on in a reckless, careless manner.

Go ahead and comment.

Ms. WOSOBA. I could not agree with you more about that. At the same time, I am representative of one State, Kentucky, and I do know that our State agency under Mr. Taylor's department has done a marvelous job of trying to eliminate all the abuses. I have been in 180 of our 181 school districts in Kentucky and I do not see the abuses that I am assuming were alluded to in the testimony yesterday.

There were statistics yesterday saying exactly what percentage of the local districts abuse the system. Because I have been in education 15 years and, of course, most of it has been in Kentucky and maybe just ahead of the hounds or something, but we don't see these abuses.

I think a State agency can very well take care of it if it is administered well through the State. Then it is in good shape.

I might add also that the Nutrition Act that was passed that funneled money, millions of dollars in our case, to Kentucky, I am chairperson of that Nutrition Advisory Council and that has just been a marvelous way to get money to local school districts, to get teachers involved, and to get the local classroom and cafeterias, help them to become a learning center for all the children in the school.

That is kind of a plug for that, but that has been very effective in our State. I would like to thank you and USDA for allowing that to happen in Kentucky.

Chairman PERKINS. Thank you very much.

Are there any other comments? Do you feel the Department can do more?

Ms. ZANG. Yes, I do.

Chairman PERKINS. Go ahead and tell us.

Ms. ZANG. As I said before, I think that laying out clear choices for districts and I guess I would prefer that over the heavy-duty monitoring, although I agree that is necessary.

One of the things that sort of bothers me, that is, this one term that I have heard used this morning and does appear in the policy handbook and that is the term "recipients."

What is a recipient in the national school lunch program? Isn't it every child? Every school meal is subsidized. As long as we use the term "recipient", I think we divide the paying from nonpaying kids.

I would love to see the Department get rid of that word in connection with the school meal programs.

Chairman **Perkins**. Mr. Kildee?

Mr. **Kildee**. Thank you, Mr. Chairman.

I have seen the school lunch program work in my own State of Michigan where the legislature has also made a commitment to the program. I am very proud of the efforts that have been made.

Having been a teacher for a number of years, I recognize the importance of nutrition in the learning process. I do know that for a number of students that I taught the only really nutritional meal of the day was the one provided at school, I think that the positive aspects of this program should not be harmed by having low- and middle income students singled out and identified.

We know that the harm that comes from that is well documented. I feel that there are alternatives to that identification.

Mr. Chairman, without objection I would like to have included in the record an article entitled "Discrimination in the School Lunch Program," authored by Sari Klinghoffer of the national child nutrition project, from the magazine, Food Action.

Chairman **Perkins**. Without objection.

[The information referred to above follows:]

Discrimination in the School Lunch Program

The purpose of the National School Lunch and Breakfast Programs is to assure every schoolchild nutritious meals regardless of the family's ability to pay. Federal regulations clearly specify an affirmative non-discrimination policy, stating that "no child will be discriminated against because of his race, color, or national origin". In addition, federal regulations prohibit any overt identification of students participating in the school meals programs on a free or reduced-price basis.

According to USDA regulations, in order to assure non-discriminatory practices, children eligible for free or reduced-price meals or free milk must not be required to

- work for their meals
- use a separate lunchroom
- go through a separate serving line
- enter the lunchroom through a separate entrance
- eat meals or drink milk at a different time
- eat a meal different from the one sold to children paying the full price or drink milk different from that sold to children paying the full price.

Moreover, the names of the children eligible to receive free or reduced-price meals and free milk must not be published, posted or announced in any manner, and there must be no overt identification of any such children by use of special tokens, tickets or any other means.

Such safeguards are implemented to protect the basic privacy that each child receiving free or reduced-price meals is entitled to. The labeling of a child as "poor" creates a stigma that undermines the very purpose of the program. This is demonstrated most vividly in cases where the incomes of the student body are greatly varied. Clearly, the connotation is most severe where only a minority of students participate in the program.

Public schools in New Jersey have not been adhering to the programs non-discrimination policy and have, in fact, been instituting the program in an illegal fashion. A recent random survey by NCNP staff showed that a majority of schools contacted distribute free and reduced price lunch tickets that are identifiable by color. Specifically, three different color tickets are used according to whether the student is buying his or her lunch, is entitled to a reduced rate, or is receiving a free lunch. In other school systems, participants in free and reduced-price lunch use tickets or tokens, whereas students who pay for their lunches use cash. Some school systems which only have a small number of low-income children, distribute cash to students participating in the program who are eligible for free and reduced-price meals. Although this type of system is void of any discrimination, there is no assurance that the student will use this money for lunch. Often, the money is used for activities other than lunch.

Implementing an anonymous, non-discriminatory system is not difficult. USDA has suggested several collection systems which have a built-in accounting system to record the numbers of full price, reduced-price, and free meals served daily. The following collection methods have been successful:

- Meal payments are collected in the

Reimbursements for the Child Nutrition Programs

With the exception of the Summer Food Program, all child nutrition program reimbursement rates are adjusted twice yearly by the U.S. Department of Agriculture to reflect changes in the Consumer Price Index. The following program rates are effective January 1 - June 30, 1979.

SCHOOL LUNCH	Paid	Reduced	Free	
Federal	$ 1575	$ 7725*	$ 8725	
New Jersey Contribution	0600	1440	1440	
Total	2175	9165	1 0165	
		+ 13 75¢ commodities		
SCHOOL BREAKFAST				
Regular	1275	3650	4450	
Especially Needy**	1275	4950	5450	
CHILD CARE FOOD				**Cost of Food Factors********
Breakfast	1275	3650	4450	$ 2811
Lunch/Dinner	2950***	8100***	$1 01***	5011
Snack	0625	1875	2475	1711

* *All schools in New Jersey are required to charge no more than 10¢ for a reduced-price lunch.*

** *Schools that are financially unable to serve breakfast at the regular rate of reimbursement may receive additional "especially needy" funds.*

*** *Includes 13 75¢ cash-in-lieu of commodities.*

**** *Claimed by family day care homes.*

school secretary's office. Payments can be made by children or parents on a daily, weekly, or monthly basis. The secretary records payments and knows which children qualify for free meals or free milk. Identical tickets labeled only with the children's names are distributed in the classrooms by the secretary. An alternative to having children's names on the tickets is coded numbers known only to authorized school personnel. Since parents may make payment, even children who receive free meals or milk may not know whether their meals are free, reduced-price or full price.

- Parents are billed monthly for full price or reduced-price meals their children are served. All payments are mailed to the school, so that no money is collected in the classrooms. All participating students receive a monthly ticket which is punched each time the student eats. At the end of the month, the tickets are collected and a clerk calculates the amount to be billed.
- The homeroom teacher provides each child with an envelope for daily, weekly, or monthly payments. Pupils return the envelopes with the payments, if paying full or reduced-price, or empty if free. The envelopes are collected in the school office and coded tickets are issued to every participating student. This method is particularly good in elementary schools where parents don't want their children handling money.
- All children who pay full or reduced-price purchase weekly or daily tickets at a designated area and at varying times during the day. The school will mail tickets to the families of children who are eligible for free meals and/or free milk. All tickets are identical except for coded numbers known only to authorized personnel.

In addition, USDA has recommended different coding methods:

- Number Coding—Free meal or milk tickets all have a four digit number, reduced price tickets a five digit number, and full price tickets a six-digit number.
- Number Coding by Series—Number 1 through 1,999 are free meal or milk ticket; numbers 2,000 through 3,999 are reduced-price tickets, and numbers 4,000 through 5,999 are full price tickets.
- Names—Tickets have the student's name on them and can later be compared to a checklist.
- Date Stamp—Tickets have the date stamped on them in different spots. For instance, tickets with the date stamped on the top third may be full price, tickets stamped in the middle third are free, and tickets stamped on the bottom are reduced-price.

These alternatives meet the federal requirements for non-discriminatory practices. Schools also have the option of adopting collection procedures that fit their particular needs due to size, administrative costs, etc. However, any method that identifies a student as a participant of a free or reduced-price meal program is in violation of the law.

It is the responsibility of the State Bureau of Child Nutrition Programs to see that schools administer the program correctly. Action should be taken by the Bureau to ensure that schools are in compliance with federal law. The student's right to privacy is fundamental and must be preserved at all costs.

Sari Klinghoffer

Ms. Klinghoffer is a staff member of the National Child Nutrition Project.

Individuals who are aware of any discriminatory practice should contact Sari Klinghoffer at NCNP, 46 Bayard Street, New Brunswick, NJ 201-846-1161.

Chairman PERKINS. Mr. Buchanan?

Mr. BUCHANAN. First of all, I am pleased to hear your response to some of the suggestions that have been made, Ms. Glavin. You do not have the appearance of a faceless bureaucrat.

Ms. GLAVIN. Thank you very much.

Mr. BUCHANAN. Second, Mr. Koth, I am not really surprised that you appear to be doing something right in Baltimore. You do a lot of things right in Baltimore. The last time we looked at the summer feeding programs, Baltimore was a model city in that regard.

I wish you would tell us a little more about how you do handle this. You said you don't mix cash. You use tickets only. Would you describe this system for us?

Mr. KOTH. You have to realize that I am not involved with the food service department at Baltimore County public schools. I am simply a psychologist that wanders through and occasionally eats with kids.

Mr. BUCHANAN. However, you seem to have knowledge of the system. You say they use tickets only?

Mr. KOTH. Yes. Baltimore County 1½ ago instituted a program where ticket books were printed up. I think the book run 10 tickets to a book.

In the elementary schools a letter is sent home at the beginning of the year for those who would like to have either free or reduced-lunch programs. The parents fill out an application.

The local administrator at the school, be it a helping teacher or an assistant principal, would make a judgment as to whether the youngster would be approved for the free lunch or the reduced lunch program based on certain criteria that I think have been spelled out somewhere. I am not aware of what it is.

They would then say, yes, and a book would be assigned to that particular youngster and there would be no exchanging for cash. The kid who would go in to buy the lunch would go into the office and deposit the money with the secretary. Then in the morning the teacher would hand out—say there are 30 children in the class. They would hand out 30 books and nobody would know who was free, who was reduced, and who was paid.

The child then takes the ticket to the cafeteria, presents it to the cashier. She tears out the ticket and the child picks up his lunch and eats.

In junior and senior high there is more responsibility given to the student where the student maintains the book and has the choice of doing it, whether he wants to or not.

Mr. **Buchanan.** Well, I like Ms. Zang's suggestion about possibly finding some model programs of various sizes around the country to use illustratively in your literature.

I think Baltimore might be a very likely candidate for illustration from what I have observed of the conduct of the Baltimore school system. Baltimore, not only won the world series game, I think they do good work in the ways as well.

Thank you.

Mr. **Perkins.** Mr. Williams?

Mr. **Williams.** I want to concur in the commendation of Baltimore this morning after the world series. I think they need a pat on the back. Whatever it is you are doing right, we are proud of you.

I am troubled, I think, as are all of the members of the committee, concerning this matter of possible unintentional but nonetheless de facto discrimination in the administration of this program, but I don't know where the villain is.

I understand that when things go wrong at a local level, the villain is obviously Washington, D.C., but the members of this committee have done everything they can to, I think, to try to see that there is no means test based on the administration of the program. Yet it still remains.

The Department of Agriculture tells me that they do everything they can to stop it. My folks at home in Montana say they don't do it. Baltimore apparently doesn't do it. Kentucky doesn't do it. Yet people keep coming up here saying this program doesn't work

Where is the problem here? What is wrong? Is there a problem or do witnesses at that table invent the problem or do we invent it as a campaign vehicle. Is there really a problem? Everyone denies it except the people who sit at that table and they point to somebody else and say, there is a problem out there.

Will you address yourselves to that?

Ms. **Glavin** Mr. Williams, what we have is a program that exists in some 97,000 schools in this country, each of which has a slightly different way of running, has different needs in their community, different size programs, different buildings, different setups, and different kinds of employees. The program is going to run differently in those 97,000 schools.

I would like to say that someday every single school will do it exactly right. I don't think that is ever going to happen.

I do think that we need to continue to be vigilant about this problem. I think we need to increase the kinds of assistance we give, not in terms of required systems but in terms of systems that have worked in other places.

I think we need to provide that information to the schools so that they have an opportunity to fit one of them to their own particular needs.

Mr. **Williams**. Does the Department track those schools that are not doing it correctly? Can we identify them?

Ms. **Glavin**. I gather that some of the witnesses yesterday and today have specific instances of problems.

What we have is a combination of things. Some of the instances that have been brought up in the last 2 days are things that are clearly illegal, different colored tickets or different lines. Others of them are things that are allowed under existing regulations.

Such things, as having a la carte sales in the lunchroom, that is allowed. And some of the witnesses feel that is discriminatory because only certain children can afford to buy those foods. Having cash in the lunchroom is allowed under the existing regulations.

So there is a combination of instances that are being brought to us. Those that are contrary to regulations, that are illegal, we certainly will move to take care of.

Mr. **Williams**. How do you identify those instances?

Ms. **Glavin**. Through a system of reviews. The States are required to review their schools on a regular basis. One of the things that they review is the collection procedure.

Mr. **Williams**. Did someone else want to comment?

Ms. **Zang**. My position would be that as long as the guidance material reads—and I read from the free, reduced-price meals and policy handbook, page 16—"Before school children can buy tickets at the cafeteria manager's office, but they do not receive the tickets," and it goes on to tell how the tickets are distributed.

I think as long as you let kids have the option of buying or not buying, they will not buy. Kids have to buy tickets so everybody uses a ticket or a token or whatever the mode is.

I think as long as we allow kids to have a choice of buying a ticket there will be discrimination.

Mr. **Williams**. Which way would you go, have everyone purchase a ticket or no one purchase a ticket?

Ms. **Zang**. I think everybody should have a ticket.

Mr. **Williams**. Charge everyone?

Ms. **Zang**. No, I misunderstood. For instance, in the example that I gave in Lawrence, Kans., parents there pay for 10 meals, those that have to pay for meals and reduced price kids pay for 10 meals, whatever that happens to be.

So every kid goes in with a ticket for 10 meals, whether free, reduced-price, or paid. The staff takes care of it. It is the same colored ticket. There is no cash exchanged by some kids who didn't want to buy a ticket. They have to do it. That is how they get lunch.

What I am saying is that this system is OK. If I were a school district, I would say, I am checking this method that I allow kids to buy tickets in the school office, but I don't require them to do that. Therefore, they are going in and buying their, it used to be a type A lunch, with cash and the next kid is using a ticket because he is free or she is free.

That is the reality.

Mr. WILLIAMS. When we have a Federal program such as this, which in effect requires a means test—and it is my understanding, Mr. Chairman, that this may be the last Federal program that requires a means test. I want to associate myself with your remarks in support of an universal free lunch program. I join you in that.

But as long as we have a program that in effect requires a means test, I guess we are going to have to continue to have difficulty with it.

Thank you, Mr. Chairman.

Chairman PERKINS. Mr. Erdahl?

Mr. ERDAHL. Thank you, Mr. Chairman.

Just a word of appreciation to the panel for the fine information that they have provided us with today and also an observation, if I might.

You mentioned, Mr. Chairman, that since 1966 you and others have been concerned that there were failures of administering this program so there would not be discriminatory practices on the local level.

It struck me, in 1966 to 1979, the kids you were concerned about have already graduated from high school. As time goes on I think we need to see that we don't have any discrimination in the lunch line.

I have four teenaged children. I think those of us who have children and work with them are aware of how sensitive they are to peer pressure. The last thing in the world they want to be or to do is something different.

As we have heard from the lady from the Department of Agriculture, that if there are separate lines and different colored tickets that distinguish them, I think that is the first place where we must zero in to see those practices don't continue.

Then we should see how the program is administered in certain schools so we get not only the availability of good nutritious meals, but have it done in a manner that is not discriminatory to people who are not in the same economic strata of some others in the class.

I think it is a good subject to address.

Thank you, Mr. Chairman.

Chairman PERKINS. Let me thank the entire panel. You have been very helpful to the committee. We want to try to see better administration, and we need it.

Mr. Buchanan?

Mr. BUCHANAN. I didn't mean to break in, Mr. Chairman, but I wonder if it would be possible to keep the record open in the event, in this is a series of hearings, there may be other State or local people who want to insert something in the record?

Chairman PERKINS. Absolutely, you may insert anything you prefer. And the record will remain open for any other member.

Let me thank you all for your appearance today. You have been very helpful and we appreciate it.

Whereupon, at 11:20 a.m., the subcommittee adjourned.

[Additional material submitted for the record follows:]

PHILADELPHIA, PA., *October 15, 1979.*

Hon. CARL PERKINS,
Rayburn House Office Building,
Washington, D.C.

DEAR CONGRESSMAN PERKINS: While in attendance of the Pennsylvania Coalition on Food and Nutrition Conference in Harrisburg, Pa., August 23, 1979, I learned that the Children's Foundation of Washington, D.C., would be testifying before your committee on child nutrition bills in this month of October, 1979. Having worked closely with the Children's Foundation in the National Council of Churches' Domestic Hunger Crudsade 1970–1973, I immediately volunteered, as a former public school teacher, to ad my testimony to theirs.

As a family we have traveled throughout the United States and into the Pacific islands during the years my husband served as chaplain in the U.S. Navy. I have taught in Philadelphia, Pa., Willow Run, Michigan, the Marshall Islands, Pacific Trust Territory, Oahu, Hawaii, Albuquerque, New Mexico, Nutley, New Jersey, Lakehurst, New Jersey, and Laurel Bay, South Carolina. Retired from teaching, I serve as chairperson of the World Hunger Commission of the Southeastern Pennsylvania Synod of the Lutheran Church in America. I am a board member of Church Women United of Greater Philadelphia, of the Southeastern Pa. Synod Lutheran Church Women and of the Friends of Children Auxiliary of Lankenau Hospital, Philadelphia.

The National School Breakfast Coalition Conference held in March of this year passed a resolution on discrimination within the School Lunch and School Breakfast programs. It is to this practice that I would add my testimony.

Invariably, when the school authorities have a message to send into the home, the schoolroom teachers asked to distribute them to the children as they leave for home. Often, little or no instruction as to their content or significance is shared with the teacher. The child-messenger may in all innocence destroy, lose or forget to deliver the form to his parents. If the form is safely carried the parent must decipher the message for himself. Under these circumstances, it is often ignored. In the case of the School Lunch/School Breakfast application parents have been known to avoid applying for they did not want the child to be labeled "poor."

In my experience, daily and weekly collections of monies for food were an accepted part of the school routine and were openly conducted before the entire class. The children would line-up at the teacher's desk as each sum was recorded. In some instances, tokens of varying colors were distributed. Color was linked to the amount paid. At lunch time the children were assembled in the lunch-room grouped according to the color of their tokens. This plan was designed to facilitate matters for the cafetria staff. Of paramount importance was the need to keep accurate records of the reduced-price and free lunches for upon these the school would report its needs to the government authorities and have valid proof for subsidies. The entire process causes anxiety within the group as even the very young sense that some of their peers are differentiated from others.

In 1976 Congress passed the "Right to Food" resolution. Acknowledging the basic need of every living thing, we must now strive to offer sustenance wherever needed with grace and good-will. I believe that the National School Breakfast Coalition offers a code of conduct to follow in its resolution on discrimination. The elimination of procedures which mitigate against low income children can help to bring health and happiness where now only misery and despair exists.

Sincerely,

ELEANOR M. SPAHN.

OVERSIGHT HEARINGS ON THE CHILD NUTRITION PROGRAMS

Proposals to Reduce Federal Subsidy for Paying Student

TUESDAY, OCTOBER 30, 1979

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ELEMENTARY, SECONDARY,
AND VOCATIONAL EDUCATION,
COMMITTEE ON EDUCATION AND LABOR
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Goodling, Buchanan, Erdahl, and Hinson.

Staff present: John F. Jennings, counsel; Marian Wyman, special assistant to the chairman; Beatrice Clay, staff assistant; Mary Jane Fiske, minority assistant director, research and oversight; and Rick DiEugenio, minority legislative associate.

Chairman PERKINS. Today, the Subcommittee on Elementary, Secondary, and Vocational Education is continuing its oversight of the child nutrition programs. For the next 3 days we will be considering the administration's proposal to cut the Federal subsidy for paying students in the lunch program. Our purpose in holding these hearings is to learn what impact such a proposal would have on the effectiveness of the school lunch program.

In its budget request for child nutrition for fiscal year 1980, the administration proposed a 5-cent reduction in the Federal subsidy for paying students in the lunch program.

The House Budget Committee has supported the administration's proposal by recommending an 11-cent cut in the first budget resolution and a 5-cent cut in the second budget resolution.

The Department of Agriculture has projected that a 5-cent cut in the paying subsidy will result in a 4.2-percent decline in the participation of the paying student. Other sources have predicted anywhere from a 5- to 25-percent decline in participation.

In light of the fact that 55 percent of the 26.6 million children now participating in the school lunch program are paying students, we can only assume that a significant decline in their participation would be very damaging to the school lunch program.

It is inconceivable to me how both the administration and the Budget Committee can stand behind this proposal when it could have such a crippling effect.

The General Accounting Office in its statement before the subcommittee back in March offered this assessment of the administration's proposal:

> The lack of program information and evaluation material severely restrained both us and the Department from fully assessing the impact of the cuts and the viability of alternative proposals.
>
> The Department has little convincing evidence to support its proposed modifications in the school lunch program.

That is what you can tell the Bureau of the Budget when you go down there, what the Department says.

> Unquestionably, the Department's proposed cuts will save money. They will also remove many children from these programs. Unfortunately, we are unable to measure the trade-offs between budget cuts and cutting children off from program benefits.

Now, that is the General Accounting Office's statement I quoted.

During the next 3 days we will be gathering testimony in an effort to establish what impact this proposal will have on the school lunch program. If we do, in fact, find that cutting the paying reimbursement would adversely affect the program, I hope that the administration and Budget Committee will seek other avenues for legislative savings.

We now have as our first witness, Dr. John Moseley, and a panel comprised of Ms. Betty Harney, president of the American School Food Service Association; Mr. T. G. Smith, director of child nutrition programs, Alabama State Department of Education; Ms. Jane Wynn, assistant director, Broward County School District, Ft. Lauderdale, Fla.; and Mr. Robert Cherry, director of school food services from the Archdiocese of Chicago.

Dr. John Moseley is the new executive director and he will introduce the witnesses.

STATEMENTS OF JOHN D. MOSELEY, ED.D., EXECUTIVE DIRECTOR, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION; BETTY HARNEY, PRESIDENT, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION; T. G. SMITH, DIRECTOR, CHILD NUTRITION PROGRAMS, ALABAMA STATE DEPARTMENT OF EDUCATION; JANE WYNN, ASSISTANT DIRECTOR, BROWARD COUNTY SCHOOL DISTRICT, FT. LAUDERDALE, FLA.; AND ROBERT CHERRY, DIRECTOR, SCHOOL FOOD SERVICES, ARCHDIOCESE OF CHICAGO

STATEMENT OF JOHN D. MOSELEY, Ed.D., EXECUTIVE DIRECTOR, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION

Dr. MOSELEY. Thank you Mr. Chairman.

Chairman PERKINS. Wait just one moment, Dr. Moseley. I have a statement here from Congressman Ashbrook, the minority ranking member.

I do want to tell all the school lunch people from Ohio here today that you are well represented on this committee in John Ashbrook. He is taking a stand against this cutback all the way and he is helping out tremendously.

And as far as I know, all the other members on the subcommittee on the minority are against cutting this subsidy for the paying student.

I would like to at this time, without objection, put the statement of Mr. Ashbrook in the record before Dr. Moseley introduces the witnesses.

[The statement referred to above follows:]

[From the Congressional Record, Oct. 17, 1979]

Administration's Proposed Budget Cuts in School Lunch Program Not Supported by Evidence and Could Seriously Damage Child Nutrition

(Speech of Hon. John M. Ashbrook, of Ohio, in the House of Representatives, Wednesday, October 17, 1979)

Mr. Ashbrook. Mr. Speaker, I do not recollect ever having asked my colleagues to reject proposed cuts in Federal spending, but I feel strongly that the administration's proposals to cut back on support for the national school lunch program have been made without adequate justification. That, also, is the judgment of the General Accounting Office in testimony before our Committee on Education and Labor on March 13 of this year.

Because we are going to be debating the second budget resolution, and because the Budget Committee has adopted a substantial portion of the proposed school lunch cuts, it is imperative that every Member of this House understand the probable impact of those cuts.

Adequate nutrition for America's children is a matter—like national defense—of fundamental importance to every citizen. For more than 30 years the Federal Government has helped achieve the goal of adequate child nutrition through the national school lunch program. While State and local school food administrators are the first to admit that improvements can be made in the program, they know—and we should know—that ill-advised cuts in support can wreck the program because it is balanced on a thin edge of economic viability.

Among other cuts in child nutrition programs, the Carter administration proposed a $262 million reduction in support for school lunch, and an additional $110 million cut in the special milk program for schools. In concluding the GAO testimony on these cuts, Henry Eschwege, Director of the Community and Economic Development Division urged us to require the Secretary of Agriculture to make a comprehensive evaluation of our child nutrition programs, which earlier in his testimony he indicated was necessary to make any judgment on program changes which might be needed. The following paragraph from his testimony was headed "Conclusions and Recommendations" and I commend it to the attention of my colleagues:

> The Department made an effort to limit program cuts to children who would be least affected by the cuts. The lack of program information and evaluation material severely restrained both us and the Department from fully assessing the impact of the cuts and the viability of alternative proposals. The Department had little convincing evidence to support their proposed modifications in the School Lunch Program. . . .
>
> Unquestionably, the Department's proposed cuts will save money. They will also remove many children from these programs. Unfortunately we are unable to measure the trade-off between budget cuts—some or all of which could be well taken—and cutting children off from program benefits.

In so many words, Mr. Speaker, we are being told by GAO that the administration does not know what the effect of its proposed budget cuts will be, and we are being asked to act blindly in a matter as critical as the health and nutrition of school children. I cannot in good conscience do that.

I found Assistant Secretary Carol Tucker Foreman's testimony in support of these cuts vague and unpersuasive as to their impact, and I regret that our colleagues on the Budget Committee felt otherwise. The GAO testified that the cuts would not affect just the students from families with above average income, but "will affect children in all categories." The GAO made this appraisal of the impact:

> The Department estimates that these revisions will result in about 1.1 million of the 26.1 million participants dropping out of the program—a 4.2 percent reduction. Of the estimated 1.4 million children who will move from free lunch eligibility to reduce price eligibility, 350,000 will drop out. Another 370,000 children will move from reduced price eligibility to paying status, but 185,000 in this category will drop out. Another 580,000 paying students will drop out because of the 5-cent cut. These Department figures assume certain economic conditions based on estimates derived in part from projections provided by the Council of Economic Advisors.

The Department sought to cut back on benefits at the middle and upper income levels. However, the results show that 31 percent of the estimated dropout will be from students formerly eligible for free lunches. Another 17 percent of those dropping out will be from those formerly eligible for reduced price lunches, and the remaining 52 percent of the children dropping out will be those affected solely by the 5-cent cut.

Those who administer the school lunch program fear that a major impact will be on those families with incomes just above the level which qualify their children for free or reduced price lunches. These are the families hit hardest by inflation—those who are getting no help and who are cutting not luxuries but necessities in trying to stay afloat financially.

Mrs. Foreman, with her customary sensitivity to the problems of hard-pressed middle-income families, told our committee that she could afford to pay an extra 5 cents for her children's lunches—and our colleague John Buchanan, Republican, of Alabama, had to remind her that precious few families have her $50,000 income. Past experience indicates that those extra costs for lunches will drive hundreds of thousands of students out of the program—most to "brown bags" with inadequate lunches or to no lunches at all. It may very well also wreck the program.

Unfortunately, few people outside those who run the program understand the economics of it. Like many enterprises, it survives on a very thin margin of financial viability. In most of the more than 85,000 participating public and private schools, the "paying student"—who pays the full difference between the true cost of a meal and the public support provided—really supports the program. In many schools, if enough of those students stop buying lunch the program would be insupportable, and thus could not be made available for the economically disadvantaged students who qualify for free and reduced price lunches. So we are talking about cuts in support leading to drops in participation which might well kill the entire program.

That is why I ask my colleagues to think hard about these particular cuts which may be embodied in the second budget resolution and could be forced through operation of the Budget Control Act. I am not opposed to all cuts in nutrition programs. No program is sacrosanct in the present budget crisis, nor can be if we expect ever to stop the disastrous spiral of inflation. But budget cuts should be justified.

We are committed to a $50 million cut in the entitlement for the WIC program because it cannot be effectively spent. Reductions may well be made in the summer feeding program through tightening up procedures for participation. I do not like the administration's proposal for slashing the special milk program because it was not thought through to insure that all children can get whole milk at school, but perhaps cuts could be made there. But in the school lunch program there is absolutely no evidence that the proposed cuts would not be a disaster. That is a risk I am not prepared to take.

Chairman Perkins and I disagree on a lot of things—often on spending priorities and sometimes on child nutrition issues. But we agree on this issue and we will stand together in opposing the cuts in the national school lunch program. I hope our colleagues on both sides of the aisle will carefully weigh the GAO testimony and think twice before approving these cuts.

Chairman **Perkins**. Go ahead, Dr. Moseley. Thank you.

Dr. **Moseley**. Thank you, Mr. Chairman, for the opportunity for the American School Service Association and other allied associations to come before you today. I know it takes a great deal of your time, energy and effort to plan for these hearings and we are most appreciative of the opportunity to come before you.

Mr. Chairman, I think you are very well aware of the American School Food Service Association and what we attempt to represent to you here today. We feel we are the major thrust of the feeding programs in our schools, both public and private.

So our witnesses here today, we feel, are most expert in the fact that they are the people that are on the firing line primarily out in the public schools. Without further ado, I would like to introduce them.

Our first speaker will be Mrs. Betty Harney, to my immediate right. Mrs. Harney is the national president of the American Food

Service Association. She is in charge of the food school service programs in Pueblo, Colo.

Our next witness is Mr. T. G. Smith, director of the child nutrition programs in the Alabama State Department of Education.

The third witness, Mrs. Jane Wynn, who we are all familiar with, is the assistant director of the Broward County School District in Ft. Lauderdale, Fla. and the director of our association.

The fourth witness is Mr. Bob Cherry of the Archdiocese of Chicago.

We think these witnesses will give you very distinct feelings about how these proposed cuts will affect our child nutrition programs.

Chairman **PERKINS**. Let me welcome all of you this morning. I am glad you have Ms. Harney here, your president.

Go ahead.

STATEMENT OF BETTY HARNEY, PRESIDENT, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION

Ms. **HARNEY**. I am Betty Harney, president of the American School Food Service Association. My home is in Pueblo, Colo. My title is director of food services.

I appreciate having the opportunity to appear before this committee today to share with you some of the concerns on behalf of the children of our Nation and the membership of our organization.

In Pueblo I am responsible for a child nutrition program serving 13,000 meals to children eligible for Federal reimbursement. During the past year, as president-elect of our association, I have had the opportunity to travel into many different parts of our country to discuss school food service matters with members of State and local school personnel.

There is no salary attached to my position as president of this association. Our association maintains a small staff of 9 paid professional personnel plus clerical assistants in our Denver headquarters.

We truly are a grass roots organization. Over 90 percent of our membership of 68,000 individuals in State and local affiliates are directly involved in managing programs, in school lunch and breakfast production, or in carrying out the many and varied tasks required for the production and service of nutritious meals to all children.

The school lunch and other child nutrition programs virtually reach into all communities of the Nation, both large and small. Unlike many other Federal and State programs, there are no Federal funds for local administration or supervision of the lunch program. Federal funds received in the form of cash or commodities go directly into helping defray the cost of serving food to our Nation's children. From a cost-benefit, I cannot think of any more efficient program in which the Federal Government has a part.

As a local supervisor in a relatively small community, I can see daily the direct benefits of programs in terms of healthier children in our community, better performance, fewer disciplinary problems in the classroom, and less absenteeism among the students.

Quality food service for all children is a necessity and is essential to the efficient operation of any modern school system involving children from the ages 3 through 18.

It is against this background that I come to express a considerable degree of concern over developments in the past few years and where these developments might lead us in the future.

Frankly, my basic concern is with the changing attitudes and the philosophy of the Department of Agriculture toward our school lunch program. This program was fathered by the Department of Agriculture in 1946. It also sponsored the Child Nutrition Act of 1966 which brought into being other child nutrition programs. It supported later legislation to strengthen these programs.

However, in recent years the philosophy toward school food services to a certain segment of our child population has radically changed its position. Instead of taking the leadership and extending better nutrition to all children, this agency now feels that these programs should be limited only to children from low-income families, in short, what might be called a straight-out welfare program.

These programs have already moved far in this direction. Presently, some 80 percent of the Federal funds appropriated for use in the school lunch and the school breakfast programs are used for the needy. Only 20 percent is used to help finance the cost of meals to paying children.

Now, should this trend continue by reducing reimbursements for the paying child and forcing them out of the program, the whole range of child nutrition programs will indeed suffer. Mr. T. G. Smith, who will follow me as a witness, will discuss the specifics of any reduction in such reimbursements.

Mr. Chairman, I have always believed those wise men who framed the National School Lunch Act intended that its program benefit all children. The members of our profession throughout the States who work in school lunch and school breakfast programs hold firmly to this goal and we shall continue to fight for it.

Finally, as I sit here today, I must ask myself these questions:

Why are we here to discuss a proposed reduction in school lunch funds? Why aren't we here to ask for increasing amounts which would at least partially offset the costs of the ever-rising operational costs?

I would like to share with the committee a recent article published in the Central High Times, a student newspaper of Central High School in Pueblo, Colo. I quote:

> This fall, school lunches increased in price from 35 to 45 cents, but the same amount of food is served as before. It was suggested by several students last year that the quantity and the quality of food served be increased and improved.
>
> The blame should not be placed on the cafeteria women. They work very hard preparing and distributing the lunches every day. The ladies in the cafeteria try very hard to be friendly to hundreds of students in a rushed atmosphere.
>
> All Central High School students must realize that because of the school's limited food budget, it is very hard to purchase great amounts of top quality foods.
>
> With this increase in price, students expect better lunches, but they don't realize that the price increase is because inflation has also caught up with cafeteria management.

Again, I quote, this was written by a student educator in a school newspaper in Pueblo, a middle income economic community:

During the month of September, our paid student participation in the school dropped 5 percent over the same period in 1978. Due to the price increases in our district, the overall percentage of paid students dropped 13 percent in our entire district.

This concludes my statement, Mr. Chairman. I thank you for the honor and the privilege of appearing before this committee.

Chairman PERKINS. We will withhold questioning until we hear from the entire panel.

Who is your next witness?

Dr. MOSELEY. Mr. Smith.

Chairman PERKINS. Go ahead. Identify yourself for the record.

STATEMENT OF T. G. SMITH, DIRECTOR, CHILD NUTRITION PROGRAMS, ALABAMA STATE DEPARTMENT OF EDUCATION

Mr. SMITH. Mr. Chairman and members of the committee, I am T. G. Smith, director of child nutrition programs for the State of Alabama. I am testifying today on behalf of the American School Food Service Association and its 68,000 members.

I also strongly believe I am testifying on behalf of some 26 million children whose nutritional status and health could be adversely affected by the budget proposal to cut funding for the school lunch program.

I refer here to the administration's proposal to reduce section 4 reimbursement by 5 cents for lunches served to paying children.

Mr. Chairman, I am aware that the sum of 5 cents seems like a very small amount, especially to those "financial" experts in USDA and OMB who construct the Federal budget for the school lunch program. But those of us in the school lunch program, whether it be in Alabama, Kentucky, Maine, or California, are used to dealing in pennies and fractions of pennies. Each penny of income is vital to our operation.

School lunch programs do not operate on a profit basis. We do not have any balance of funds to offset deficits if program income declines. Actually, all that we do is try the best we can to operate on a break-even basis.

For this reason, the proposed cut of 5 cents in section 4 reimbursement has a number of very serious implications if it should be adopted. I will speak to these implications in specific terms: Virtually every school lunch program in the Nation will be required to increase its lunch price by at least 5 cents. This action, based on past experience, will mean a drop of 4 or 5 percent in program participation. As volume decreases, deficits will occur and require another price increase of at least 5 cents and further decline in participation.

There is very solid evidence, including USDA research, to show that more than 1 million children will be forced out of the program in a matter of a very few months.

Because of steadily increasing costs of all types of goods and services and spiraling inflation, individual lunch programs are already in serious financial difficulty. A loss of 5 cents in revenue per lunch could readily cause many schools to drop out of the program because they could no longer afford to meet the Federal program requirements. In such case, even the children from low income families would no longer be able to receive free lunches.

300

Mr. Chairman, I could go on and on about the economic implications of a 5-cent cut in reimbursement, the loss of employment for thousands of school lunch workers, and so forth, but let me try to sum it up this way:

Loss of support for the paying child ultimately means that child feeding programs will become welfare programs. Mr. Chairman, this would be one of the most serious and far-reaching mistakes of the century.

The modern school system is vastly different from the one which existed not too many years ago. Many schools now have extended day care programs. Children are dropped off at the school by their parents as early as 7 a.m. and remain at school until as late as 5 p.m. These schools also have special programs for handicapped children, Head Start programs, and preschool programs.

In other words, the present day school is the Nation's babysitter for children of ages from less than 3 to over 18. Food service from breakfast to mid-morning milk and snacks to lunch and afternoon snacks is an integral and absolutely essential part of these school operations.

These schools, therefore, participate in the breakfast program, the child care program, and the special milk program in addition to the school lunch program. In many instances, they also take part in feeding programs for the elderly. But the school lunch program is the heart of this total food service operation.

In these days of high and escalating costs of operations, I believe that the school lunch program will be critically damaged by the proposed 5-cent cut in funding. This in turn would adversely affect the operation of the breakfast programs, of food service for Head Start and preschool children, and food services for the elderly when operated in conjunction with the school lunch program.

Each of these is completely dependent on the personnel and facilities which are available to operate the lunch program. In my opinion, local boards of education will not support welfare child feeding programs.

It is my earnest hope and sincere wish that this proposed cut in section 4 reimbursement not be adopted.

Chairman **Perkins**. Thank you very much.

Our next witness is Ms. Jane Wynn.

STATEMENT OF JANE WYNN, ASSISTANT DIRECTOR, BROWARD COUNTY SCHOOL DISTRICT, FORT LAUDERDALE, FLA.

Ms. **Wynn**. Thank you very much.

Mr. Chairman and members of the committee, I am Jane Wynn, chairman of the American School Food Service Association Legislation and Legislative Policy Development Committee and program analyst for the School Board of Broward County, Ft. Lauderdale, Fla.

I appreciate the opportunity to testify before you in regard to the budget proposals which would reduce the reimbursement rates for lunches served to paying students by 5 cents per lunch.

As an association and as individual taxpayers, we recognize the need to economize in Federal spending and to reduce the Federal budget. However, we are unanimously agreed that reducing section

4 reimbursement for paying students is the worst possible way to decrease Federal support for child nutrition programs.

This proposal is of grave concern to school lunch operators throughout the Nation as it threatens the heart of the program—the participation and support of millions of middle income families. This threat occurs when sale prices are escalated beyond the level where most students can afford to participate.

Members of Congress have asked, "Will 5 cents a day really make a difference?"

My first response to that is that it will be a greater increase than a nickel—we are already cutting every corner possible to keep sale prices down, but we, too, are hit hard by rising costs, especially food and labor. Then we will also lose some State matching funds which are tied to section 4 funding; 10 or 15 cents will make a difference, and I believe the effect will be tremendous.

In Escambia County, Fla., Pensacola, the sale price to paying students was increased 15 cents this school year. Participation which had been 92 percent has dropped to 67 percent, a decrease of 25 percent.

Broward County, Fla., where there was a 10-cent sale price increase in January 1979, participation remains 13-percent below the level prior to the increase. It is impossible to operate efficient and effective programs when there are drastic participation reductions.

In Broward, we found it necessary to reduce our work force by 130 positions. This, in spite of the fact that our county has been a model nationwide for high labor productivity in a district with self-contained kitchens. Less than 10 percent of the programs in Broward could operate efficiently on just the economically needy lunches served or with even a significant reduction in paid participation.

Our district is no different than others. School boards are having the same economic woes as everyone else. They expect food service programs to be self-supporting and cannot justify diverting education funds to food service when they are already curtailing educational programs.

Many districts will be forced to make decisions on the continued operation of school lunch programs. At the present time, Florida law mandates a lunch program in every school, but this is not true in most States, and even our law can be put in jeopardy when lunch programs become an economic liability.

The way we have countered such attitudes and possible lack of support is by operating programs which benefit all school children, programs that do contribute to the health and well being of America's young people and their ability to gain the most from educational opportunities.

Our programs benefit by the support we receive from the PTA, school advisory committees, and other community groups. When middle-income children are no longer able to participate, the school lunch program may be viewed as a welfare program and consequently lose a great portion of this support that has contributed so much to the growth and success of the lunch programs now serving 27 million children per day.

The proposed budget cuts appear to be the first step in eliminating Federal support for nonpoor students, which would in fact result in turning the lunch program into a welfare program.

If that happens, all students lose, those who will be readily identified as poor by their participation in the lunch program, and the others who are no longer able to afford the price of meals served in schools.

Some comments made would indicate that rich students are the only ones who will be affected. This simply is not true. The phone calls we have received concerning sale price increases are from middle America, school teachers, blue collar families who look upon the lunch program as a nutritional benefit for their children.

The expected participation decrease is acknowledged by the administration when they project part of the savings will take place because fewer lunches will be served. This is an unbelievable way to effect economy in a program that has been effective and is recognized as an investment in our Nation's future.

Mr. Chairman, we appreciate the leadership you and members of this committee have shown for support and expansion of the child nutrition programs, and your commitment to maintaining the most effective programs possible.

Thank you again for this opportunity to speak to you today.

Chairman **Perkins**. Thank you.

We will now hear from the next gentleman, Mr. Cherry.

STATEMENT OF ROBERT CHERRY, DIRECTOR, SCHOOL FOOD SERVICES, ARCHDIOCESE OF CHICAGO

Mr. **Cherry**. Mr. Chairman and members of the committee, I am Robert Cherry, director of the Chicago Archdiocese food service programs. I appreciate the opportunity to appear before this committee to speak about our concerns regarding proposed budget reductions and possible legislative changes in the child nutrition programs.

The Archdiocese of Chicago operates one of the largest school systems in the Nation with an enrollment of approximately 197,000 students. Participation in our lunch program has always been on a voluntary basis.

We began sponsoring the lunch program under the National School Lunch Act in 1970. In these 9 years we have increased the number of schools participating from 10 in 1970 to 194 this September.

In addition to the 194 archdiocese schools, we serve meals to an additional 21 high schools and 14 elementary schools on a contract basis. These contract schools are Catholic schools not owned by the archdiocese, Lutheran schools in our area, or schools for retarded children.

We are presently serving about 41,000 lunches today. We began a breakfast program in 1976 which, while successful in the 16 schools we will serve this year, has failed to grow as significantly as the lunch program for numerous reasons. In 1970, about [illegible]4 percent of the children served qualified for free or reduced price meals. Last year this percentage was down to about 63½. The reason for this change has been that expansion has been in schools with fewer children qualified for free or reduced-priced meals.

The area covered by our food service program extends from the Wisconsin border on the north to the Indiana border on the southeast and about 40 miles west of Lake Michigan. Our school food service is made up of two distinct types of operations. Since the elementary schools in most cases do not have adequate cafeteria facilities, we have chosen to serve prepackaged meals in our elementary programs.

These meals, both lunches and breakfasts, are prepared in three central commissaries the day before serving. The meals are refrigerated overnight and heated just before serving. About half of the schools feed the children in the classrooms as other dining facilities are unavailable.

This type of service was decided upon before the Archdiocese began the program because it was the most economical and practical for our situation. Over the years we have remained with the prepackaged system since we have not found a better alternative.

Central preparation gives us excellent purchasing power, quality control, and labor management. Prepackaged meals are not served in the high schools because we found this service unacceptable. Since participation in our prepackaged program is over 63 percent, we feel it is reasonably successful.

In the past few years there have been numerous attempts in proposed USDA regulations to handicap or eliminate our type of service. We hope this will change in the future. We could not possibly build onsite kitchens in our schools. And the generalization that all meals prepared onsite are good and all prepackaged meals are bad is just not true.

The proposed reduction in section 4 funding during this time of rapid inflation will certainly hurt our program. Since we are constantly adding new schools to our program and enrollment fluctuates year to year, it is very difficult to obtain exact figures on the effective affect of price increases.

We raised our price 5 cents last month, and at 17 schools surveyed they showed a decrease in participation of the paying children which varies from 0.7 percent to 25.5 percent. If this holds in our other schools, an even larger price increase will be necessary in the future.

Decreased participation will increase our per meal costs because of fixed costs, labor, and decreased purchasing power. We can only maintain our present per meal cost with the high volume purchasing potential in our commissaries. The minimum labor force necessary for the production of 10,000 meals per day, as an example, can easily prepare 15,000 meals per day without additional labor. However, if participation were to drop to 7,000 or 8,000 meals per day, the labor force could not be reduced. Thus, the labor cost per meal would be higher.

Other fixed costs such as utilities and housekeeping remain basically the same regardless of volume. The proposed funding cuts would probably not result in whole schools dropping the program but less participation in all schools. This would simply spread fixed operational costs to fewer meals, thus raising the per meal cost. The chart on page 3 of my statement illustrates the cost fluctuation based on number of meals served per month. Food costs will probably also increase with the decreased volume.

The chart on page 4 shows the price changes experienced between September 1978 and September of 1979 of some items frequently used in our program. Because of our large volume, we are often able to purchase directly from food brokers or producers without the added costs of local distributors. Lower participation caused by loss of support from the paying children would directly affect our purchasing ability by lowering our volume.

We feel the escalator clause presently in effect is a very reasonable control on these programs. When the food costs decrease, reimbursement rates will also decrease. With costs increasing because of inflation, a cut in income can only result in lower quality meals, more plate waste, and less participation.

With the proposed funding cuts and possible new legislation facing us, we have a few suggestions that may in a small way help decrease costs and strengthen our programs.

First, we feel it would be an advantage to reduce the requirement of serving milk daily as part of the meal to no more than 3 days a week, with fruit juice as an optional beverage on the other 3 days.

Our cost for one-half pint of 2-percent milk is now $13.07 and increasing monthly. The cost of milk now represents 37.5 percent of our food costs per meal, not including donated commodities. By substituting cottage cheese for the milk on such days when full strength fruit juice would be the beverage, we would not lose nutrients, and may even gain more participation.

Another suggestion is to alter the commodity distribution program to be more responsive to local needs and programs. The many problems we have faced with the local commodity program in the last 2 or 3 years has definitely lowered our support for the present system.

We have not received commodities offered and requested on numerous occasions. We have received spoiled products as well as products below our quality standards used for purchasing. Many of the items offered cannot be used in our programs, and many times we are offered more of an item than can be used in a 6-month period even though we are not to store more than a 60-day supply according to the regulation.

Specific examples of our experience last year with the commodity program are shown on page 6. Last year, while allocated commodities were valued at $1,069,000, we actually accepted and received $569,000 worth of commodities.

Based on the fact that we served 5,369,000 meals last year, the value of the commodities offered was 19 cents per meal while we could only use commodities valued at 10.67 cents per meal. Transportation charges for these commodities were an additional $57,000. If we subtract the transportation charges, the actual value of the commodities received was really only 9½ cents per meal.

The logical question is, why don't we accept all commodities offered? Disregarding the 60-day supply rule, many of the commodities offered cannot be used in our program. For example, we were offered 84,960 pounds of powdered eggs in a 5-month period. This product was valued by USDA at $127,142. We could only use 25 cases valued at $1,496, resulting in a rejection of commodities valued at $125,600.

When funding for the lunch program is calculated, many people consider the commodity funding at the full value as well as the direct reimbursement amount. Last year we were to receive 13¾ cents per meal in donated commodities. We feel the actual value received was 9½ cents per meal, resulting in a loss of income of over one-half million dollars.

A list of our commodity transactions for last year is attached for your information. As you can see on page 7, our transportation costs were increased approximately 30 percent this year.

Our suggestion for improving this very important program is a compromise to the cash versus commodities proposal. Commodities should continue to be offered, but the school system should be reimbursed in cash for the difference between accepted commodities offerings and the per meal ceiling which is 15¾ cents per meal. This method would assure all programs the authorized funding as well as including the variety, quality and scheduling of the commodities purchased.

Our last suggestion is to somehow promote better communication between USDA and local program operators. This is especially important with private and parochial schools. For many years, USDA has encouraged these schools to participate in the lunch and breakfast programs. Many have initiated programs in various ways, a number of them using commericially prepared meals and food management companies.

This route was taken because of a lack of facilities, expertise and finances. Now these programs are being handicapped by USDA regulations which try to eliminate or severely restrict these types of services or reduce reimbursements.

Many of my colleagues in other dioceses around the country are wondering if they should even begin serving the meals even though they know the need for these programs.

Thank you Mr. Chairman.

[The prepared statement of Robert Cherry follows:]

PREPARED STATEMENT OF ROBERT K. CHERRY, DIRECTOR, ARCHDIOCESE OF CHICAGO FOOD SERVICE PROGRAM

Mr. Chairman and members of the committee, I am Robert K. Cherry, Director of the Archdiocese of Chicago Food Service Program. I appreciate the opportunity to appear before this Committee and share our concerns regarding proposed budget reductions and possible legislative changes in the child nutrition programs.

The Archdiocese of Chicago operates one of the largest school systems in the nation with an enrollment of approximately 197,000 students in 392 elementary and 69 high schools. We began sponsoring a lunch program under the National School Lunch Act in September 1970. Participation in our program has always been on a voluntary basis. The local school joins our program after a vote by the local school board or by the parents. Over these 9 years we have increased the number of schools participating from 10 in September of 1970 to 194 in September of 1979. In addition to the 194 Archdiocesan schools served by our program, we serve an additional 21 high schools and 14 elementary schools on a contract basis. These schools are either Catholic schools not owned by the Archdiocese, Lutheran schools in our area, or schools for retarded children. We serve these schools by request. The number of children being served has increased from about 5,000 per day in 1970 to 41,000 per day in September 1979. We began a breakfast program in 1976 which, while successful in the 16 schools served this year, has failed to grow significantly as the lunch program for numerous reasons.

Program growth in the last few years has taken place mainly with the paying children. In 1970 about 64 percent of the meals served were to children qualified for free lunch and over 20 percent were served to children qualified for reduced-price lunches. Last school year the percentage of meals served free was approximately 53 percent, reduced-price meals served were about 10.5 and 36.5 percent were served at full price.

The Archdiocese of Chicago school system is quite diverse consisting of very poor inner city schools to wealthy suburban schools with very many ethnic groups represented in the school population. The area covered by our food service program extends from the Wisconsin border on the north to the Indiana border on the southeast and about 40 miles west of Lake Michigan. Our school food service is made up of two distinct types of operations. Since the elementary schools in most cases do not have adequate cafeteria facilities, we have chosen to serve pre-packaged meals in our elementary program. These meals, both lunches and breakfasts, are prepared in three central commissaries the day before serving. The meals are refrigerated overnight and heated just before serving.

About half of the schools feed the children in the classrooms as other dining facilities are unavailable. This type of service was decided upon before the Archdiocese began the program because it was the most economical and practical for our situation.

Over the years we have remained with the pre-packaged meal service while constantly searching for alternative methods which will work better in our situation. Central preparation gives us excellent purchasing power, quality control, and labor management. All entrees are preparted by our staff except hamburgers, hot dogs and fish portions. All salads, cookies, and cakes are made in our commissaries also. Since we do not freeze any meals, our flexibility in menu planning is very extensive. The limiting factor is generally monetary.

The high schools served by our program all have on-site kitchens and cafeteria facilities. We do not serve pre-packaged meals to the high school students as our initial experience showed us this type of service was not acceptable. In addition to our meal service, we operate a la carte service in the high school cafeterias.

While we feel our pre-packaged program is successful in serving our school children since participation remains at over 63 percent, in the past few years there have been numberous attempts in the proposed U.S.D.A. regulations to severely handicap our type of meal service. We hope the future legislation and resulting regulations will recognize that there are many acceptable methods of feeding our school children and not make the same generalizations as in the past. All on-site meals are not the best, and all pre-packaged meals are not the worst.

The proposed reduction in Sec. 4 funding during this time of rapid inflation is a proposal that will definitely hurt our program. As mentioned before, our growth for the past few years has been in schools where most of the children pay the full price. Since we are constantly adding new schools to our program and our enrollment fluctuates year to year in all schools, it is difficult to obtain exact figures on the effects of a price increase. We have raised our price from $.50 to $.55 per meal this last month. A sample of 20 schools was examined to see how the price increase affected participation. We found that in 17 of these schools there was a decrease in participation of the paying children which varies from 0.7 to 25.5 percent. One school showed no change and two schools gained in full-price participation. The overall effect was a drop in participation of the full paying children by 4.5 percent based on this sampling.

The drop in participation indicated above, while small, is still very significiant. If the drop holds for all our schools and a further increase is necessary because of reduced federal funding, the decrease will be much more serious. These deceases in participation seriously affect the overall program in a very real sense. We not only lose the income but our costs per meal will actually increase due to our fixed costs, labor, and decreased purchasing power. Moreover, the cuts in funding ignore the children who will probably receive a less nutritious meal in the form of a sandwich from home.

The operation of our central commissaries is based on lower costs obtainable by high volume manufacturing practices. The minimum labor force necessary for the production of 10,000 meals per day as an example, can easily prepare 15,000 meals per day without additional labor cost. To produce significantly more meals the labor costs increase slightly on a per meal basis, certainly not proportional to the increase in number of meals prepared.

Other costs such as utilities, rent, administration and housekeeping remain basically the same regardless of volume unless a very great change is experienced. If the number of schools participating in the lunch program drops, then transportation costs can be trimmed. The cuts proposed in federal support will not eliminate whole schools, hopefully anyway, but simply participation in all schools. This will simply spread all labor and fixed operational costs to fewer meals, thus raising the per meal cost.

To illustrate this point the following chart shows how our labor and other costs (housekeeping, utilities, transportation, equipment repair, indirect costs, etc.) fluctuate based on number of meals served per month.

PER MEAL COSTS

	Labor costs	Other costs	Meals served
September 1978	0.2911	0.1972	507,267
November 1978	0.2335	0.1400	673,532
January 1979	0.3063	0.1774	495,190
March 1979	0.2208	0.1544	740,168
May 1979	0.2502	0.1453	709,315

In order to hold the costs other than food to a minimum we have worked very hard to recruit participation in the schools without food service in our system. Most of the schools that have joined the Food Service Program in the last few years have fewer students eligible for free or reduced-price meals, but the volume of service has helped keep our overall costs to a minimum.

Food costs also are affected by the number of meals served and will probably increase with a decrease in participation which will surely occur if federal support for the paying child is reduced. We are very often able to purchase food at a very competitive price due to our large volume. If our volume deceases, so does our purchasing power, resulting in higher per meal food costs.

Reduced federal funding for the child nutrition program especially during this period of rapid inflation will definitely weaken our programs. Food prices over the last year have increased significantly requiring us to lower the variety of foods offered and in many cases the quality of meals served. The following chart represents some of the items served frequently in our program and the price changes between September 1978 and September 1979.

FOOD COSTS

	1978-79	1979-80	Percent increase
Milk	$0.1103	$0.1307	15.61
Ground Beef (pound)	1.05	1.24	5.37
Hot Dogs (pound)	.49	.56	12.56
Hamburger Patties (pound)	1.39	1.48	6.08
American Cheese (pound)	1.28	1.42	9.86
Oranges (Fresh) (case)	10.50	14.85	29.29
Apples (Fresh) (case)	10.00	16.50	39.39
Bread (Sliced) (loaf)	.43	.455	5.49
Buns (dozen)	.46	.47	2.13
Dinner Rolls (case)	5.00	5.10	1.96
Lettuce (case)	8.50	10.725	20.75
Cabbage (case)	5.50	6.325	13.04
Peaches (case)	12.45	16.60	33.06
Pears (case)	15.15	18.88	19.76
Fruit Cocktail (case)	14.99	18.56	19.23
Corn (pound)	.28	.29	3.45
Green Beans (pound)	.33	.355	7.04
Peas (pound)	.29	.30	4.33
Packaging	.0674	.0784	14.03

These increases represent a large sum of money and require continued adjustment of menu items depending on price fluctuation to remain within our income. Because of our large volume we are often able to purchase directly from the producers or brokers without the added cost of the local distributor being added to our price. A cut in Section 4 funds will directly affect our purchasing ability by lowering our volume.

We feel that the escalator clause presently in effect is a very reasonable control on these programs. When the costs of food decrease, the income per meal will decrease without harmful effect. As costs escalate, a cut in income can only help to lower the quality of the meals, add to the waste, and deprive more children from a meal in school.

With new legislation on child nutrition programs on the horizon and proposed decreases in reimbursement facing us presently, we have a few ideas to propose that may in a small way help strengthen our programs and decrease costs. Our first suggestion has to deal with the present meal requirements. One of the most costly components of the meal at this time is milk. Presently we are serving only 2 percent milk according to the U.S.D.A. regulations. Our program has more problem with deliveries of milk than any other single component. The cost of the one-half pint of 2 percent milk is now $.1307 and increasing monthly. The cost of milk now represents 37.5 percent of the food costs per meal, not including donated commodities.

Our suggestion is to eliminate the requirement of serving milk daily and reducing this required service to no more than 3 days per week with fruit juice as the beverage on the other 2 days. The dairy distributors in our area are unwilling to deliver fresh milk on a daily basis even at this high price. Even though our bids specify daily delivery, they will only deliver 2 or 3 times a week. We cannot go to other distributors since none will deliver daily, and most do not even bid for our business even though we spent almost $1,000,000 on milk last year. We feel that with the laws of supply and demand on our side, if the requirement for milk service were reduced the price may decrease and the service become more reasonable.

By substituting other dairy products such as cottage cheese for the milk on days when full strength fruit juice would be the beverage we would not lose nutrients, and may even gain more participation. Menus could be arranged that would be just as nutritious as those presently allowed, as well as give us more flexibility. The milk delivery problem to our schools by the dairy distributors is so acute in the Chicago area we are investigating an increase in our own delivery system so that we can deliver the milk from our commissaries.

The second suggestion is the elimination of the special milk program. We do not see this as a real savings from the government's point of view however. We would continue to offer milk to the students, but at full cost without subsidy. Since we are now paying over $.13 per half pint, we would probably charge at least $.15 per half pint. The differential between buying milk only and buying a full lunch then becomes only $.40. Perhaps this would be incentive enough for more children to participate in the lunch and breakfast programs. This could help in the per meal cost based on higher volume bringing lower prices.

It is very hard at this time to interpret the wishes of the U.S.D.A. and the administration concerning participation versus lower spending. The elimination of the special milk program could lower spending in one area and raise spending in another. We would certainly promote our program in this fashion.

Our third suggestion is to alter the commodity distribution program to be more responsive to local needs and problems. Until two or three years ago, we were very pleased with the commodity program and a supporter of the program when discussing the cash vs. commodity controversy. However, these last two or three years we have had so many problems with the commodity program we have altered our thinking.

After requesting commodities offered, they have not been delivered on numerous occasions. We have received spoiled product which took months of discussion with U.S.D.A. to dispose of. In fact the Chicago Health Department had to certify that they were not fit for human consumption before they could be disposed of. The allocation procedure for available commodities is very confusing. We have been allocated amounts of specific products in one month that would last more than 6 months of normal usage. At the same time, we are told we must not have more than a 60-day supply of any item in storage. Because of the 60-day limit restriction we have not requested a great amount of useful commodities. There are also many commodity items offered that we just cannot use in our program, particularly in the quantity offered.

To use specific examples of our experience last year with the commodity program, the following data is presented.

DONATED COMMODITY PROGRAM SEPTEMBER 1978 to JUNE 1979

	Commodities allotted	Commodities ordered and received	Commodities not ordered or not received
September	$58,512.76	$18,986.04	$39,526.72
October	63,064.34	36,314.12	26,750.22
November	110,219.36	52.899.96	57,313.40
December	129,124.28	67,197.72	61,926.56
January	190,587.29	105,424.29	85,163.00
February	219,329.49	119,285.44	100,044.05
March	148,463.45	78,839.19	69,624.26
April/May	149,965.00	90,154.67	59,811.13
Total	1,069,265.97	569,101.43	500,159.34

The above information shows that while our total allocation was valued at $1,069,265.97, we actually accepted and received $569,101.43 worth of commodities. Based on the fact that we served 5,369,226 meals as claimed, the value of commodities offered was $.1991 per meal, while we could only use commodities valued at $.1067 per meal. If we subtract the transportation charges of $57,078.30 for these commodities, the actual value of the commodities received was really only $512,023.13, or $.0954 per meal.

The logical question is: "Why do we not accept all commodities offered?" Disregarding the 60 day supply limit which is checked by the state, many of the commodities offered cannot be used in our program. As an example, in a 5-month period, December 1978 to May 1979, we were offered 2.124 cases of Egg Mix (Powdered Eggs) at 40 pounds per case, or 84,960 pounds. This Egg Mix product is valued by the U.S.D.A. at $59.86 per case ($1.4965 per pound). In five months we were offered $127,142.64 worth of this product. We actually requested, received and used 25 cases valued at $1,496.50. This resulted in the rejection of commodities valued at $125,646.14. Another example is the dry milk powder offered to us 5 times last year. The total offering was for 681 bags of 50 pounds each totaling 34,050 pounds. This dry milk was valued by U.S.D.A. at $40 per bag, a total value of $27,240. We requested and received 150 bags valued at $6,000, resulting in a loss of possible funds of $21,240.

When discussing the funding amounts for the lunch program, many people consider not only the direct reimbursement funds but the dollar value of donated commodities. This is particularly true when reduced spending is involved. Last year we were to receive $1.375 per meal in donated commodities for the lunch program. From our figures presented here you can see we only received $.1056 per meal and if the transportation cost is accounted for, we received only $.0954 per meal of commodities. This represents a loss of income to our program of $566,990.26 without transportation costs deducted and $624,068.56 with transportation costs accounted for. So that you may more fully appreciate the quantities and kinds of commodities not accepted by the Archdiocese of Chicago Food Service Program, attached is a full list of last year's commodity transactions.

While many people do not consider the transportation costs for commodities as significant, these charges are also going up rapidly. In Illinois we are charged according to the class of product, i.e., dry, frozen, refrigerated, by hundred-weight. The prices are as follows:

	1978-79	1979-1980	Dollar increase	Percent increase
Dry products	$2.099	$3.390	$1.291	38.08
Refrigerated	3.095	4.470	1.375	30.76
Frozen	4.062	5.240	1.178	22.48

This increase means we will be paying even more for the commodities we can use.

Robert K. Cherry Testimony
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1978/79 COMMODITY TRANSACTIONS

Recipients	37,753	37,753	37,753	37,753	37,753	37,753	37,753	37,753	
	September	October	November	December	January	February	March	April/May	Total Allotted
30# Chicken	189 (189)	692 (692)	302 (302)	378 (378)	629 (629)	503 (503)	252 (252)	1133 (1133)	4,078 (4,078)
40# Turkey Roll	189 (189)	236 (236)		283 (283)	283 (283)	472 (472)	189 (169R) (189A)	142 (142)	1,794 (1,774)
6/10 Peanut Butter	92		184	276	230	184	92	92	1,150 (0)
6/10 Pears (Canned)	94 (94)		189 (189)						283 (283)
Poultry (Canned)	86					439 (100		88	613 (100)
6/10 Tomatoes (Canned)	199 (199)	199 (199)			298 (298)	497 (297)	199	397 (100)	1,789 (1.193)
6/10 Cranberry Sauce	172	300		343 (343)	858 C	515 (858R) (515A)	343	343	2,874 (1,202)
6/10 Tomato Paste	135 (135)				270 (270)	629 (350)	90		1,124 (755)
30# Potato Rounds	378 (378)	189 (189)	76 (76)	629 (629)	629 (627R) (629A)	503 (503)	126 (126)	126 (126)	2,656 (2,654)
30# Potato Flakes	378	440 (200)	403	503	629	378	252	126	3,109 (200)
30# French Fries	378	503				378 (200)	629	541	2,051 (200)
32# Butter	357	354 (300)	271 (271)	236 (236)	354 (354)	708 (400)	708 (400)	826 (500)	3,814 (2,461)
36# Veg. Shortening	105	52	52		105	105	105	210	734 (0)
6G Peanut Oil	82								82 (0)
50# Flour - All Purpose	151	264 (250)	529	755 (250R) (300A)	755 C	1510 (295)	453 (150)	453 (100)	4,870 (1,045)
50# Milk - Dry	76	76		302 (100)	151 C	76 (50)			681 (150)
30# Cheese Processed	189	252	315 (315)	126 (126)	629 (629)	126 (126)	252 C	378 (378)	2,267 (1,574)
6/10 Peanuts	79			79	157				315 (0)
6/10 Peanut Granules	90		90	72 (20)		180 (40)	180	90 (90)	702 (150)
20# Macaroni	189 (189)		189 C	189 (189)	189 (189)	189 C			945 (567)
Orange Juice		204	561	510					1,275 (0)
6/10 Peaches		283 (283)	359 (359)	283 (283)	283 (283)	283 (283)			1,491 (1,491)
Tomato Juice		210 (50)	577	105	105				997 (50)
6G Salad Oil		41	123	82	164	246	82	164	902 (0)
Wheat - Rolled		157			1049				1,206 (0)
36# Beef Patties			199 (75)						199 (75)
Chicken Breaded			227 (227)				252 (252)		479 (479)
Mozzarella Cheese			44				252 C	126 C	422 (0)
Lemon Juice			56 (10)	70		140	280		546 (10)

1978/79 COMMODITY TRANSACTIONS (Continued)

	September	October	November	December	January	February	March	April/May	Total Allotted
Veg. Beans			55 (55)		460 (460)	368 (368)	276 (276)	552 (552)	1,711 (1,711)
Catsup			351 (50)			176 (50)			527 (100)
Pineapple			368 (368)	276 (276)		552 (552)		460 (436R) (460A)	1,656 (1,632)
Raisins			590 (590)						590 (590)
Turkey Whole			166 (166)	460 (460)	368 (368)	276 (276)	276		1,546 (1,270)
50# Corn Meal			98		151 C	76 (20)	76	76 (15)	467 (35)
25# Rice White			86 (86)	76 (76)					162 (162)
50# Wheat Flour			91	38					129 (0)
50# Rice Brown				227			302	227	756 (0)
36# Oats				210	105 C	20 (20)			335 (20)
55# Beef Ground				137 (137)	686 (386R) (686A)	275 (575R) (275A)	275 (275)	343 (343)	1,716 (1,716)
6/10 Peas				283 (283)	189 (189)	472 (471R) (472A)			944 (943)
Egg Mix				472	472 (25)	472	236	472	2,124 (25)
Applesauce					236 (236)	472 (472)	944 (944)	1133 (1133)	2,785 (2,785)
Plums					276 (276)	276 (276)			552 (552)
30# Corn, Frozen					503 (502R) (503A)	566 (566)	378 (378)		1,447 (1,446)
Apple Juice					510 (50)	612	1020	153	2,295 (50)
25# G.N.Beans - Dry					302		453	755	1,510 (0)
50# Bulgar W.					151		76		227 (0)
6/10 Corn Canned						189 (189)		378 (378)	567 (567)
Sweet Potatoes						497 (497)	397 (397)	298	1,192 (894)
40# Apples Fresh						189 (150R) (189A)			189 (150)
Mixed Vegetables Fresh							252 (252)	881 (881)	1,133 (1,133)
Cheddar White								94 (94)	94 (94)
Beef Canned								257 (257)	257 (257)

( ) - Accepted and Received
R - Received
A - Asked For

ARCHDIOCESE OF CHICAGO FOOD SERVICE PROGRAM,
Chicago, Ill., November 26, 1979.

Mr. JOHN F. JENNINGS,
Counsel, Committee on Education and Labor,
House of Representatives, Washington, D.C.

DEAR JACK: Thank you for your letter regarding my statement to the Subcommittee. I was sorry that we didn't get together after the hearing. I waited around to see you but there were so many people wanting to see you that I couldn't reach you before leaving for an appointment.

Knowing that our statements are of some value to the committee in future considerations of the child nutrition legislation is very encouraging and appreciated. If you are to consider my written statement, I think that a correction or clarification of one point on page 5 is needed. In the third paragraph regarding the elimination of the special milk program, this proposal was meant only for schools that are serving lunches, not all schools. While this is implied in my statement, perhaps it should have been more clearly stated. We are not in favor of elimination of the special milk program in schools that do not participate in the lunch program.

Again, thanks for the opportunity of offering some of our suggestions to the committee, and I hope that we can get together in the near future. Happy Holidays.

Sincerely,

ROBERT K. CHERRY,
Director.

Chairman PERKINS. Let me ask the panel to comment on this question:

The administration and the Budget Committees are advocating a cut in the subsidy for paying students. They maintain that the Federal Government should not support lunches for middle-income students.

However, isn't it true that they are referring to any child that doesn't qualify for a free or reduced price meal as middle income, and isn't this any child whose family income is above 195 percent of the poverty level which is presently established as a family of four earning an annual income of $12,680?

It is inconceivable to me how such a family of four, with an income after taxes of $9,000-plus, would not feel the pinch of an additional increase in the cost of the school lunch.

Would you agree that many of these so-called middle-income families would be adversely affected by this federally imposed price increase?

Do you want to comment on it first, Ms. Harney?

Ms. HARNEY. Yes, sir, I would like to very much comment on that.

You are indeed correct. In our community in Pueblo, as I indicated in my testimony, our drop of participation for paying students for a 5-percent increase in September was, in fact, 13 percent. Pueblo is a middle-income community. I would judge there is probably 40 percent of our school population that would be within that framework.

One of our middle-income community junior highs, after the 10-cent increase from 35 to 45 cents, which is a very marginal price for school lunch today, the participation of the paying child dropped 16 percent. That is an average or maybe upper average, middle-income family. So this is very true.

In our community in Pueblo, middle income is the major part of our population that would be affected by this cut.

Chairman PERKINS. Mr. Smith?

Mr. SMITH. Mr. Chairman, in our State, in the State of Alabama last year, approximately 50 percent of the meals served under the national school lunch program were free and about 6 percent were reduced.

We feel very strongly that an additional cost to the middle-income family would increase the number of free meals—well, it would offset the number of free meals by a drop in the number of paid meals. Already, with only you might say 44 percent of the paid meals, would be a significant drop.

Chairman **Perkins**. Do you want to comment, Ms. Wynn?

Ms. **Wynn**. Yes, Mr. Chairman.

In gathering some figures to bring to Washington, in our district of Broward County even I was surprised to find that only approximately 13 percent of the population in Broward County has income of what would be considered above the middle-income level, with a median income of somewhere in the neighborhood of $14,000. Most certainly they would be affected by increases and they have been affected by increases in the lunch prices in our schools.

Chairman **Perkins**. Mr. Cherry.

Mr. **Cherry**. Yes, Mr. Chairman, I think that in our situation, since we serve meals in both a large city as well as a suburban area, we find that particularly in the city the paying children are definitely, the large percentage of them, are just above the reduced price or are unwilling to apply for the reduced price.

We know that there should be a much greater percentage of reduced price meals being served, and yet for one reason or another, I think the feedback we get is that the parents just don't want that sort of information out at the school area where their friends are working as the clerks, et cetera.

I think it would hurt us a great deal in the city, probably less in the suburban areas, but there is a good chance that in the city we would be turning it into strictly a free and reduced price program.

Chairman **Perkins**. Ms. Harney, I wanted to ask you one question.

During our oversight hearings held early in October, the subcommittee learned that many children who qualify for free and reduced price meals are not taking advantage of these benefits because they do not want to be identified as poor. It seems to me that a cut in the paying subsidy would only further frustrate this situation.

Isn't it true that when there are fewer paying children participating in the program, it becomes increasingly more difficult to protect the identity of the low-income children?

Ms. **Harney**. Indeed it does, because then our program would be for the low-income child and the low-income child would feel discrimination and feel the stigma of being the only one group or segment of children who would have the free lunch because the middle-income child would be priced out of the program.

In the cost production of meals in our school, also, we have calculated that the 5-cent reduction to the paying child would reduce also our operating costs for our annual budget over $70,000 which would reduce services, and then, again, children who had money to purchase the lunch would not be served perhaps as rapidly. We would have to reduce staff.

Therefore, the only children in the program, as you indicated, would be the eligible, either for free or reduced, and this would identify them in our community.

Chairman **Perkins**. Mr. Cherry, I want to ask you, if the reimbursement for paying students is cut back, will the cost of providing meals to poor children in the Catholic schools of Chicago increase? In other words, will there be a loss of economy of scale if paying students drop out?

Mr. **Cherry**. There definitely will be. What I have done in the statement that you have, the written portion, I have compared the labor costs and our fixed cost on a per meal basis for last year for September, November, January, March, and May. The amount of meals varies in these months, depending on holidays, and in January we were closed for a week because of the snow.

But you can see that our labor costs varied from 22 cents per meal all the way up to over 30 cents per meal, depending on the number of meals served.

As our participation drops, we do one of two things: We either, or hopefully we can recruit more schools to take the place of that drop so we can keep up production.

The other thing is that we have been forced to lower the selection of items that we serve in our meals and, unfortunately, the quality of the items that we serve because those prices are definitely rising. So the cut and decrease in the paying child severely affects the children, even though we are serving over 50 percent free and reduced.

Chairman **Perkins**. All right, let me ask Ms. Wynn a question. Could you tell us if you might have to increase prices anyway due to the increased cost of doing business, and so this 5-cent cutback will cause an increase in the cost of lunches on top of any increase you will have to make due to inflation; is that correct?

Ms. **Wynn**. Yes, sir.

Last year, at the time the budget cuts were being considered, our board was considering a 25-cent increase in paid lunches. When that didn't materialize, we did have a 10-cent increase.

As I mentioned, we have as to this date lost 13 percent of our participation. The time the Federal subsidies disappear we will have an automatic price increase in our district, and I am sure that is true in many districts.

Chairman **Perkins**. Do you want to comment, Mr. Smith?

Mr. **Smith**. It has been our observation that any time you have a significant increase or a minimum increase in the price for the paying child, that children do drop out of the program. That is correct for our State.

Chairman **Perkins**. Mr. Goodling?

Mr. **Goodling**. I will yield to our colleague from Alabama who should have been in another hearing upstairs a long time ago. We don't schedule so well here as you do in schools.

Mr. **Buchanan**. I thank my colleague.

I want to identify myself with the position you have taken in this matter, and join with him in welcoming Mr. T. G. Smith of Alabama, of whom we are deeply proud in Alabama, and these other witnesses as well. You make a good strong case, and I certainly share your concern in this matter.

Thank you.

Chairman **Perkins**. All right, Mr. Kildee.

Mr. **Goodling**. Mr. Chairman I was going to pick up there. I only yielded for a short moment or two.

Chairman **Perkins**. Excuse me. Go ahead, Mr. Goodling.

Mr. **Goodling**. First of all, let me say, on many occasions, because of my experience and close relationship with my cafeteria staffs and so on, I take issue with those who testify before this committee on behalf of my cooks who are back in the school systems.

But I cannot imagine that at a time when we are at 13-percent inflation there would be much discussion about reducing our subsidy.

You know, if we were still at 4.8 as we were a few years ago, perhaps we could talk about that. But, at 13 percent it doesn't really make much sense. So I am sure the chairman and I will be together on this issue.

Just a couple of comments.

Mrs. Harney, I was very much interested in the student newspaper report. I think the young person should have gone on one step further and said that teenagers, no matter what you serve them, whether it is steaks or not, are not very complimentary.

In my household I don't think I have ever heard my teenagers compliment my wife on a meal she prepared. Occasionally, they might go as far as saying that I cook something better than she does, or she makes something better than I, but I never heard them compliment us for anything we prepared and served.

Mrs. Wynn, on page 2 you talk about the participation after a 15-cent increase has gone from 92 percent to 67.

Would you send me at the end of November what that percentage is? That is for my personal information. I want to see whether the initial rebellion has anything to do with that.

Ms. **Wynn**. Yes, sir, I will.

Mr. **Goodling**. I never heard of a 15-cent increase.

Ms. **Wynn**. We wondered how it was accepted. We understand that it was sold to the community based on what I said in my testimony about not wanting to divert education funds. Therefore, they accepted it. But they just stopped participating.

But I will let you know Congressman.

Mr. **Goodling**. I would be interested in that. Fifteen cents at one shot is a pretty tough increase. Mr. Cherry, I hope that when we get around to this business of cash in lieu of commodities, we can have you back. That is something that is near and dear to my heart.

Somehow I think the nutritionists back in the district have to get together on this issue. Twenty years ago I saw so much waste and so much transportation costs involved in a program that originated when we had all sorts of surpluses and we had to find some way to get rid of the surpluses without wasting them.

I think there has to be a better way to plan a meal than depending on whatever somebody sends to you. I think there has to be a way to get that food in good shape in the kitchen without that kind of transportation costs. I hope we will be able to discuss that.

I know there are a lot of people weary of that because they are looking for the best of both worlds. But if you don't have the choice of both, it seems to me we are wasting a lot of money in this program.

This year they tell me they have sent you all sorts of raisins, at least some schools have reported it. I don't know when raisins have been higher in price or in scarcer supply, but I know they make good flying missiles in the cafeteria.

I hope you will come back. I hope those of you who are leading the nutritionists throughout the country get together and think this thing through very carefully. Give us some good recommendations because I think we have an expensive program which may not be meeting the needs of as many youngsters as we should be meeting.

Would you like to comment?

Mr. **Cherry**. Yes, I would like to, but I will turn it over to Ms. Wynn.

Ms. **Wynn**. I think many in our association would agree with what you said. Part of our program is to see if we cannot work with the USDA to improve the quality, choices and the delivery system of the commodities. If this can't be done, then I do think that—hopefully it can be done.

There are those of us concerned about accepting money instead of district support. So we would prefer food. But, on the other hand, we would like to have food of high quality that the students will eat and to help us in keeping our food costs down.

Mr. **Goodling**. Just a comment, Mr. Cherry. I don't know if you heard a report on milk consumption on the morning news, but I was smiling when you were talking about reducing milk and adding juice.

The report this morning was about a study done, I think, in Utah, where they said beware of too much milk and not enough fruits and vegetables, because there is probably some connection with too much milk and increased juvenile delinquency. That was a study reported this morning, and I thought you were ahead of them; you are trying to reduce that consumption. Don't tell my dairy farmers that.

Mr. **Kildee** [presiding]. Was that study federally financed?

Mr. **Goodling**. I hope not.

Mr. **Kildee**. I appreciate the testimony this morning of the panel. I really feel that in these days of inflation and certainly economic uncertainty that no amount of fiscal legerdemain on the part of the administration will convince me that we on this committee should be coconspirators in an effort to cut back on these programs. I think it is a very good program. I have observed the programs through the years, both as a teacher and in the State legislature, where I worked on school lunch programs, and I have spent 3 years down here, and I just find it disturbing when I look at other areas of the budget where I could indicate savings that they would go into something so basic as nutrition.

So I refuse to be a coconspirator with the administration on this. Mr. Erdahl?

Mr. **Erdahl**. Thank you very much.

Just a couple observations and then a question. I am glad Mr. Perkins is back, because I wanted to publicly commend him for his interest. As some of you know, Mr. Perkins has seen about a half dozen Presidents come and go. I am glad to see he is willing to take a position against this administration which has its priorities out of whack. We have a Government spending billions and wasting millions, and yet to attack a program, which this panel has testified to so eloquently today, has worked well for several decades, that provides some children with perhaps the only nutritional meal they get all day, is beyond me. I can't figure it out.

I think all of you have testified that as we see a reduction in Federal support, we are going to see a reduction in the participation of the kids in the program and also perhaps a reduction in some areas of the schools participating in the lunch program.

The concern I have, and I think the panel shares it, is what about the kids that don't participate in the lunch program? Do they bring a lunch from home or skip it altogether? What is your experience in that area? Anybody who wishes to answer.

Ms. WYNN. I think there are several answers to your question, Congressman. Some of them do bring their lunches and perhaps for economic reasons; sometimes perhaps they just don't care to eat the school lunch. But I also think it would be in relationship to other foods that are available in schools during the serving time, whether or not we have closed campuses, so they can leave the campus—some of these do affect those students that are in the statistics as far as attending school, but not participating in the lunch program. We have double-session schools and things of that kind.

Ms. HARNEY. This is true, Mr. Erdahl. In our community we have students who participate in a supplementary program that perhaps we supply a sandwich that has the meat and the bread component, and they then exist on this rather than purchasing the whole meal to supplement perhaps maybe a part of a meal brought from home.

Our students are somewhat mobile, and they find that the McDonalds and the Arbys, and some of the competitive places down the street, often attract them because they have to exert some of the development of their individual personalities and sophistication as they grow and develop, and this is true of all students.

Mr. ERDAHL. Thank you. You don't have to tell me about Arbys and McDonalds. We have four teenage sons and know about that.

I think the point you made, Ms. Harney, that bears stressing for us on the committee and surely in Congress is in your testimony on the second page where you spoke about these nutritional meals being important to young people not only so far as their physical development is concerned, but also to their performance. Discipline is less and absenteeism is less. I think those are vitally important as well.

I want to thank all the members of the panel for your testimony today.

Ms. HARNEY. May I comment on that?

Mr. ERDAHL. Yes.

Ms. **Harney**. We have this fall inaugurated 16 breakfast programs, and the results in the classroom have been remarkable according to some of the teachers. I did not solicit their comments; they came forth to us, and maybe perhaps they were not supportive of the breakfast programs, but said productivity was increased and disciplinary problems were decreased in the few short weeks of school this year.

Mr. **Erdahl**. Thank you very much.

Thank you, Mr. Chairman.

Chairman **Perkins**. Let me compliment all of you today, and if I were this group, I would not be hesitant about letting the people downtown know the effects of what they are proposing. If I were in your position, I would have a telegram sent from every school lunchroom in this Nation. We should educate everybody that is trying to, in one sense of the word, destroy this program.

I want to congratulate Mr. Erdahl and all my Republican colleagues and my Democratic colleagues for their contributions here today. I think we can win this battle, but we have to educate a lot of people.

Let me thank all of you. Thank you.

[Whereupon, at 10:35 a.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

OVERSIGHT HEARINGS ON THE CHILD NUTRITION PROGRAMS

Proposals to Reduce Federal Subsidy for Paying Students

WEDNESDAY, OCTOBER 31, 1979

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Ford, Kildee, Williams, Simon, Goodling, and Erdahl.

Staff present: John F. Jennings, counsel.

Chairman **Perkins**. The meeting will come to order.

Our first witness will be Ms. Gwen Chegwidden.

You may proceed.

Please identify yourself for the record.

STATEMENT OF GWEN G. CHEGWIDDEN, DIRECTOR, SCHOOL FOOD SERVICE, FRANKLIN REGIONAL SCHOOL DISTRICT, MURRYSVILLE, PA.

Ms. **Chegwidden**. Mr. Chairman and members of the committee, I am Gwen Chegwidden, director of school food service for the Franklin Regional School District in Murrysville, Pa., the home of the Pirates and the Steelers.

I appear here today as a representative of those like me who are where the bottom line is found. We support child nutrition funding which will continue to make nutritious lunches available to all of the Nation's children.

I appreciate the opportunity to comment on my experience and perceptions relative to this vital issue.

BACKGROUND OF CHILD NUTRITION LEGISLATION

It is my understanding that following World War II a combination of events led to the first child nutrition legislation, the National School Lunch Act, 1946. These events were: (1) a large number of young Americans could not pass the physical for military service due in part to apparent nutritionally related problems; (2) a surplus of agricultural products created a need for removal from the market.

The goals of the legislation were to:

(1) Safeguard health and well-being of the Nation's children.

(2) Encourage domestic consumption of nutritious agricultural commodities and other food.

I think the goals of the legislation have been vigorously pursued and in general met.

Events in the 1970's such as rising health care costs with as much as 30 percent having nutritional relationship and increasing competition for children's appetites toward low-nutrient foods made it apparent that an educational component was needed. Congress in its wisdom passed Public Law 95-166 to fund educational projects with school breakfast and lunch providing the learning laboratory.

I have provided this background in a very simple manner because that is the way I and many of my colleagues got hooked on the idea that child nutrition should be an integral part of the educational program.

DESCRIPTION OF AN INTEGRATED PROGRAM

My philosophy is that children should learn to be responsible for their bodies. They deserve access to the best and most accurate information regarding the health and care of it.

I believe school breakfast and lunch should provide the opportunity for all children to enjoy nutritious food at a price they can afford to pay.

Implementing that philosophy has been my endeavor for the past 16 years.

Creating a climate of nutrition awareness in the schools and the community has been an ongoing effort and essential to the success of a program.

Our efforts to create this climate have been made simultaneously with students, faculty, administration, school board, parents, and the community in the following ways.

Students: Contests, animal experiments, field trips to central bakery, posters, nutrition center signs above dining room doors, youth advisory groups, home economics classes exposing students to production experience in nutrition center.

Faculty: Talks and memos to teachers requesting reinforcement of importance of good nutrition, providing resource materials, inservice sessions with nutritionists.

Administration: Staff meetings.

School board: Presentations, include in nutrition centers manager's meeting, invitations to lunch.

Parents: Preschool testing sessions provide opportunity to talk to parents of children entering school, invitations to lunch with children, news releases on nutrition opposite menu item, presentations to parent advisory council.

Community: Adult education, trucks with "Nutrition is Our Business," golden agers' valentine love feast, news releases.

At the same time we have been creating a climate for nutrition awareness we have made every effort to provide nutritional offerings that made lunch at school the most viable option.

When the dietary goals for the United States were published in 1977 by the State select committee on nutrition and human needs we put salad bars in all of our secondary schools. We offered raw vegetables of every variety almost on a daily basis to all schools and a choice of a wide variety of fresh fruit every day. We removed most sweet desserts from the menu. In our central bakery we were able to formulate more nutritious products by using more whole grains, and USDA commodity items.

We have onsite preparation in all of our schools which makes it possible for us to work with raw product and reduce salt and other additives.

We switched the entire district to 2 percent milk with skim and buttermilk optional.

What have these efforts done for participation? We have moved from under 50 percent to over 90 percent in most of our elementary buildings and our district percentage participating in type A lunch is 80 percent.

Four years ago we started a breakfast program in all of our schools because we felt that for whatever reason a student reached school without food he or she would be academically and physically deprived. We are not reaching all of the students who do not have breakfast, but it is available.

The final link in our formula to affect children's eating habits toward better health occurred in 1978-79. We hired a nutrition educator to work with first, second, and third grade students once a week for 20 to 30 minutes. This was done not only to standardize the information being offered, but to inspire the teachers as they saw the interest of the children and the interdisciplinary nature of the material. The response was so great from the parents, teachers, and children, that we budgeted from program funds to continue on a full-time basis and add fourth grade for 1979-80.

Our premise is that an acceptance of a wide variety of foods provides the best opportunity for good nutrition, and that children do not have to grow up with strong food prejudices.

My goal today is to have you, Chairman Perkins and committee members, share this premise.

We expect to be able to prove it is true.

NEED TO CONTINUE FUNDING AT PRESENT LEVEL

To get down to the reason for my being here.

It costs money to provide the program described. Not a lot, compared to the possible rewards of health care cost containment and healthier Americans, but not less at a time when a breakthrough may be on the horizon.

The school district I represent is heterogeneous in its socioeconomic makeup. We have less than 10 percent of our students qualifying for free or reduced-price meals.

Our school board is enlightened about child nutrition and supports it financially to the extent of my salary and the fringe benefits of our dedicated nutrition center staff—0.25 percent of budget. Most important they see it as part of the educational program.

Our breakfast and lunch are presently priced within the reach of all of our students.

With 92 percent of them paying for lunch and breakfast, a 5-cent loss per lunch would immediately jeopardize our educational component and probably our fresh fruit and vegetable offerings.

If we raise the price, we will cut out of the program the children whose parents make only a few dollars more than reduced-price eligibility allows.

Can America continue to lean so heavily on this segment of the population?

I am very sympathetic with Congress need to constrain spending and would like to make a few suggestions relative to that need.

First, schools are within reach of all Americans. Most are equipped to produce food. Why should not all federally funded nutrition programs operate out of schools? The capital investment in overlaping facilities would save millions.

Schools becoming community nutrition centers would provide interaction of all age groups.

Senior citizens having lunch with children of all ages would bring greater understanding to youth and our taxpaying retired citizens.

WIC and food stamp participants could have better access to the nutrition education component of their programs.

Day care children could have their food prepared by people who understand the nutritional needs of children.

Comprehensive use of school facilities would provide more accountability for local, State, and Federal tax dollars.

Declining school enrollments should create available space for all programs.

Second, the special milk program competes with the lunch program and my observation has been that more children from affluent homes carry their lunch and have their milk subsidized.

Third, national school lunch programs were legislated as "nonprofit." There should be no profit taken out of them. Any dollars that can be generated by good management should go to a better quality lunch or a lower price to the child. It is my opinion that profitmaking companies, operating school lunch programs, making no capital investment and assuming no liability for repair or replacement of equipment, have created the need for additional funds to be spent on Federal auditors.

When profit is the motive, there can be a temptation to cut corners at the expense of the legislated goals.

School districts that contract for their food service are not likely to see nutrition centers as learning laboratories.

I think my story and my district are representative of many in Pennsylvania and throughout the Nation.

You, Chairman Perkins, have long been an advocate for child nutrition and have appreciated the need to support the reimbursement for paying students. You have realized that there cannot be a viable program that excludes any child. I hope that my being here and providing this information will help that committee and other

Members of Congress realize the need to capitalize on the nutrition awareness that has been created by Public Law 95–166.

Our Nation's children are our most precious commodity. School breakfast and lunch, together with an education component, can help to safeguard their health and well-being.

Chairman PERKINS. Thank you.

What price do you charge for the elementary and high school students?

Ms. CHEGWIDDEN. Forty-five cents elementary; and 55 cents to the secondary.

Chairman PERKINS. We will now hear from our distinguished colleague, Leon Panetta. Without objection, all prepared statements will be inserted in the record in the event you want to summarize.

[Prepared statement of Hon. Leon Panetta follows:]

PREPARED STATEMENT OF HON. LEON PANETTA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA, ALSO CHAIRMAN, TASK FORCE ON LEGISLATIVE SAVINGS, COMMITTEE ON THE BUDGET

Chairman Perkins, members of the subcommittee, I am appearing before you in my capacity as chairman of the task force on legislative savings of the committee on the budget to testify on the legislative savings assumed in the budget resolution and the importance of these savings to the attempts of the Congress to control Federal spending.

This year the Budget Committee has launched a broad-based effort to emphasize the importance of examining all entitlement programs to determine wether legislative savings can be achieved. In total, the first resolution assumed $4.3 billion in program savings which would require legislative action to achieve. Because of delays in congressional action and reestimates, this target was reduced to $2.7 billion in the house-passed second budget resolution.

It was only after including savings of $2.7 billion through legislative savings that the budget resolution which passed the House could project a deficit of $28.9 billion in fiscal year 1980. Let me state the matter another way: Without these savings, it may be impossible for this Congress to hold the deficit below $30 billion. Without legislative savings, there is no way we can move toward a balanced budget.

It has become abundantly clear to anyone who examines the Federal budget that control of spending is shifting from the Appropriations Committee to the several committees that legislate entitlement programs. The House Committee on Appropriations has calculated that of the total budget in terms of budget authority, the Appropriations Committee will consider only 59 percent of it, and, of that, about 25 percent is not considered subject to the discretion of that committee. Programs such as medicaid, veterans' compensation and pension, Federal payments to various trust funds, school lunch and child nutrition, while nominally subject to the appropriations process, really represent nondiscretionary accounts. In real terms, therefore, the Appropriations Committee has control over one-third of the budget in any year.

A growing proportion on the Federal budget consists of entitlement programs which are either indexed by law to the cost of living or otherwise respond without congressional intervention to inflation and other economic conditions. For example, the outlays for the child nutrition programs will increase by over $750 million in fiscal year 1980 over fiscal year 1979 simply because of increases mandated by current law. I would predict quite a furor if the education and Labor Committee reported out a bill which increased spending for these programs by this amount.

If the Congress and the administration are to regain fiscal control of the Government, all will have to contribute. We can no longer look to the appropriations process as the sole or even the major method of bringing the budget into balance. The legislative committees will have to assume their proper share of the responsibility by reviewing the entitlement programs they have put in place and asking the difficult questions about the continued necessity and value of the benefits provided, the eligibility rules for participants and the manner in which payments are made to service providers.

Let me take a moment, Mr. Chairman, to describe what we hope to achieve through modifications in entitlement programs. No one, certainly not this witness, wants to deny to any elderly, disabled, or poor person the benefits of a program which is legitimately needed. Once we have established a legitimate need and have developed an effective and efficient way of satisfying that need, we should move straight to the task of delivering the program benefits and services.

What we are talking about when we refer to legislative reform are Federal programs which assist persons who do not need to services, programs which are ineffective in delivering the service, and programs which create inequities between one group and another.

I would emphasize that the House Budget Committee does not intend to mandate what reforms should be undertaken. The responsibility for determining specific legislative changes and funding levels remains the responsibility of the normal authorizations and appropriations process.

So far this year, we have achieved some successes with legislative savings. Social security disability reform which passed the House included savings of $17 million in fiscal year 1980 which would increase to $1.1 billion by 1984. The House will consider this week the social welfare amendments of 1979 which include a number of reforms to cash assistance programs that in fiscal year 1980 will save $232 million. In addition, legislation to cap social services training grants has passed the House, and hospital cost containment and other medicare/medicaid reforms have been reported by the Committee on Ways and Means. These health legislative savings will reduce spending this year by $876 million. I would note that all of the items I have listed come under the jurisdiction of the Committee on Ways and Means.

Legislative savings have not been confined to that committee, however. Recently the Committee on Veterans' Affairs reported out legislation (H.R. 5288) which would reduce rehabilitation expenditures for veterans by $1 million through a number of reforms. While clearly a $14 million savings will not alone bring the Federal Budget into balance, we have to take a first step and any legislative savings affecting veterans' programs represents a fundamental change in perspective toward programs which are normally considered sacrosanct.

Restraint in spending has also been evident in programs under the jurisdiction of the Education and Labor Committee. Through appropriations action, savings were achieved in impact aid. In addition, last week the house approved the conference agreement on the agriculture appropriations bill which reduced the entitlement level in the special supplemental food (WIC) program and the summer feeding program.

I think that these items represent a good illustration of our approach to legislative savings. Our primary objective is to provide the Congress with a way to respond to the increasing and legitimate public demand to control Federal spending. In responding to that demand, however, we do not intend to direct that the committees of the House undertake specific legislative changes. I would note that this is the issue which has held up the conference on the second budget resolution for three weeks. The Senate has invoked the reconciliation procedure under the budget act which require 6 Senate and 7 House committees to report out legislation which would reduce spending by a total of $1.8 billion. Included in the list of committees in the Senate Agriculture Committee which, as you know, has jurisdiction over the child nutrition and school lunch programs. That committee and its corresponding House committee under the Senate approach would be *required* to report legislation which would reduce spending by $100 million. This reduction would be in addition to the savings of about $100 million already approved by the Senate in S. 292.

Our legislative savings targets for child nutrition and school lunch programs reflect the nondirective approach of the House in contrast to the mandatory, reconciliation procedure proposed by the Senate. The President proposed savings of about half a billion from a number of specific reforms to the school lunch and child nutrition programs. In the first budget resolution for fiscal year 1980, the budget committee estimates assumed similar target savings.

In the second budget resolution we modified the savings target to $215 million. The lower target reflects the fact that full-year saving from any change to the school lunch program which this committee might undertake would be impossible to achieve since both the academic and fiscal years have already begun. I would note that as a result of the House approval last week of the conference report on the Agriculture Appropriations Bill, about $100 million of the $215 million target savings have already been achieved. I would suggest, Mr. Chairman, that your committee, within the programs under your jurisdiction, could find the remainder of the legislative savings without jeopardizing needed services. However, I would emphasize that unlike the procedure proposed by the Senate with reconciliation, the House approach is nondirective. While the specific legislative savings proposed by the administration appears to be worthy of consideration, the defense of these proposals is the responsiblity of the administration. The decision on whether to achieve the target savings through adoption of these proposals or through other approaches should be made by this committee. At the same time, however, I must warn you that until we get the Federal Budget under control, you will be hearing from us about legislative savings.

Thank you, Mr. Chairman.

STATEMENT OF HON. LEON E. PANETTA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Panetta. Thank you, Mr. Chairman, I appreciate the opportunity to appear before you and the committee on this issue. I would like to summarize some of the points contained in the testimony. I am appearing before you primarily in my capacity as chairman of the task force on legislative savings of the Committee on the Budget to testify on the legislative savings assumed in the budget resolution and the importance of these savings in terms of the Congress attempting to control Federal spending.

The Budget Committee tried to target savings in various programs throughout the various committees responsible for various programmatic areas. We originally targeted $4.3 billion in the first budget resolution, and as a result of changes, we are now targeting for about $2.7 billion.

The main thrust in the legislative savings areas is, we have found a budget which is considered about 75 percent uncontrollable. When we talk about "uncontrollable," we are referring to major entitlement programs which are built into the process, programs such as medicaid, veterans' compensation, pensions, school lunch and child nutrition, all these programs which do not really have oversight by the authorizing or appropriations committees but pretty much operate in their own sphere.

In the Budget Committee we felt we had to go back over these programs and look for areas where savings could be made.

The thrust then was to try to get various authorizing committees to look at programmatic changes—some suggested by the administration, some suggested by the Budget Committee, some by the individual Members of the Congress which we thought were achievable.

Unless the authorizing committees are willing to do that, then we sense this major part of the budget would simply go on its track without getting the oversight and review which is necessary and which I think must be a part of the budget process.

The purpose again, and I want to stress this, and the position which the Budget Committee has taken is that this is really the role of the authorizing committee, it is not the role of the Budget Committee or of the appropriations process. I think it is a role of the authorizing process. You have worked on these programs, you are familiar with these programs, you, Mr. Chairman, have authored many of these programs and have been supportive of those programs. But the main thrust is to say that indeed, some of these programs by virtue of the administration of the programs, some of the programs by virtue of how they have been implemented in districts throughout the country, have had some waste and abuses built into them. We are not opposed to targeting these funds to the people who need help. That is the basic thrust behind those programs and that essentially has to be the goal of this committee and the Congress. But we do feel abuses which have gone beyond the thrust of the program that have targeted people and individuals that were not intended to benefit, these are areas where the committee can look for legitimate inquiries and look for potential savings.

This year I think we have had a degree of success, particularly on the House side, with committees which have legislated on savings. For example, social security disability reform which passed the House included savings of $17 million in fiscal year 1980 which would increase to $1.1 billion by 1984. The House will consider this week the social welfare amendments of 1979 which include a number of reforms to cash assistance programs that in fiscal year 1980 will save $232 million. In addition, legislation to cap social services training grants has passed the House, and hospital cost containment and other medicare/medicaid reforms have been reported by the Committee on Ways and Means. These health legislative savings will reduce spending this year by $876 million. I would note that all of the items I have listed come under the jurisdiction of the Committee on Ways and Means.

Legislative savings have not been confined to that committee, however. Recently the Committee on Veterans' Affairs reported out legislation, H.R. 5288, which would reduce rehabilitation expenditures for veterans by $14 million through a number of reforms. While clearly a $14 million savings is not significant in terms of what Ways and Means does, it is certainly significant in terms of what the record of the Veterans' Committee has been in the past.

We have had action by the Agriculture Committee and other committees. Indeed, in the Education and Labor Committee in appropriations actions we have had savings with regard to impact aid. In addition, the House approved last week the conference on the agriculture appropriations bill which reduced the entitlement level in the special supplemental food (WIC) program and the summer feeding program.

These are examples where committees have been responsive. The primary objective is to provide Congress with a way to respond, to try to develop some controls with regard to spending. That is basically the thrust we are after.

The legislative savings targets in the child nutrition and school lunch programs, I think, are suggestions which have come from the administration and others. The Budget Committee's position is we would like the committee to look at potential savings in this area. We are not demanding that you adopt the administration's proposals, we are asking for your review for possible savings.

The second budget resolution had a target of over $215 million in savings. Approximately $100 million has already been adopted by virtue of the agreement on the agricultural appropriations bill.

We have, over the last 10 days in the budget conference, fought a very significant battle over the issue of reconciliation. The Senate has taken the position of demanding and instructing their committees to report out legislation, specific legislative savings. A reconciliation is a tool in the budget process. On the House side, we have rejected that tool because we think that tool ought to be used selectively with regard to committees that are not responsive with regard to legislative savings. We have taken what is called a legislative savings approach, which is to go to the committees' chairmen and ask you to look at these areas, exercise your will and judgment in trying to achieve these savings; not to stuff it down your throat in the way the Senate has used the tool.

We think it is an abuse of that tool, and we have fought the Senate in the use of that tool in the budget conference. That is one of the reasons the conference has gone on as long as it has.

The Senate has taken their approach. The House, we feel, should stand by our approach, which is to allow the chairmen of committees to exercise their good judgment in trying to achieve these legislative savings.

So we would ask you, Mr. Chairman, to look at the proposals and suggestions made by the administration, to look at the approaches you feel could be implemented, and hopefully arrive at the target figure of $254 million in savings for this committee.

Thank you.

Chairman **Perkins**. Thank you, Mr. Panetta, for your testimony this morning. I want to state I certainly appreciate your efforts and Mr. Giaimo's efforts in upholding the House's position. However, you know I have felt all the way along that our school lunch program has been really misunderstood by a lot of our friends, not only in the Congress, but outside the Congress.

The GAO initiated its own study and they had this to state—this was last March when they testified before our subcommittee—and I quote:

> The lack of program information and evaluation material severely restrained both us and the Department from fully assessing the impact of the cuts and the viability of the alternative proposals. The Department had little convincing evidence to support its proposed modifications in the school lunch program. Unquestionably, the Department's proposed cuts will save money. They will also remove many children from these programs.

That is the point that worries me, and that is what all the evidence establishes: "Unfortunately, we are unable to measure the tradeoffs between budget cuts and cutting children off from benefits."

Did the Budget Committee consider this finding of the GAO when you made the decision to accept the one-half billion dollar cutback proposed by the administration?

Mr. **Panetta**. The Budget Committee does not consider that its role is deciding specifics with regard to the legislative savings proposals that the administration has recommended, or indeed that the committee might support.

The fact is, we ought not to be in the business of doing that. We think the administration has made a proposal. Our hope is that the committee will look at the program and decide, through your ability to analyze the program and its impact, whether those savings can be achieved or whether savings in other areas can be achieved. I think it would be wrong for the Budget Committee to get into the process of what GAO or the administration says in making its judgments as to legislative savings targets. We would like to keep that within the role of the committee, and hopefully you will exercise that judgment in determining what cuts can be made.

This issue was discussed in the Budget Committee. It seemed to us to make some sense that families getting a high income, that in terms of subsidies, it made some sense to look at whether this was the best use of funds in terms of really targeting it to children needing the assistance. There was some concern in the committee that this issue ought to be considered, and that is essentially why this target was built in.

Chairman **Perkins**. It has been my contention all the time that if we fail to have a strong school lunch program for the regular student, we will not have a strong program for the children participating in the free lunch program.

Yesterday a witness from Pensacola, Fla., stated that last year the sale price to paying students was increased 15 cents. The witness stated that participation, which had been 92 percent, had dropped to 67 percent since the increase, a decrease of 25 percent. In the Fort Lauderdale area, Broward County, there was a 10-cent sale price increase, and participation remains 13 percent below the level prior to the increase.

Those price increases were due to the increased cost of producing a school lunch due to inflationary factors. If the Federal Government reimbursement rate for paying students should be reduced, another price increase will be needed, and this will further reduce paying-student participation.

This trend will surely head the school lunch program in the direction of a welfare program. It will raise the cost of producing a lunch, as the unit cost is so directly tied to fixed costs of labor, energy, and food. It will have unfavorable effects on the health and nutritional status of children.

Is this the direction we want to force this highly successful program to take? That is what worries me; and that is why I have taken this attitude all year.

I have been with this program 25 years, and I do not want to see it go down the drain by pricing these youngsters out of the school lunch program at this time.

Do you care to comment on that, Mr. Panetta?

Mr. **Panetta**. I do not expect I will ever be as educated as you are, Mr. Chairman; few Members will be. You have been with these programs since the beginning and you understand them inside out.

Again, the basic mood of the Budget Committee is that these programs are good programs; that they ought to be maintained. If, on the other hand, there can be savings achieved that do not impact on the basic children we are trying to target, those savings ought not be pushed aside for fear the program would go down the drain. If that were the case, I think Ways and Means would not have done anything as to disability reform. The same thing is true as to medicare and medicaid. I am sure Ways and Means could have pushed that aside.

It is the hope this committee will not—because there are issues raised which may be legitimate—push the aspect of legislative savings aside.

Chairman **Perkins**. From what you have said, I infer the Budget Committee interprets its role to reflect the views of the administration rather than those of the Congress.

Mr. **Panetta**. I do not think so, Mr. Chairman. The basic resolutions, the majority of these, came from the administration, because we felt the administration looked at these programs and shared the basic goals of the Democrats in the Congress. They are by no means controlling.

We have suggested additional areas in the budget resolution. We had hearings which proposed almost $9 billion in savings that various Members have suggested. Therefore, I would not take the position that the Budget Committee automatically is taking the administration proposals and throwing them to you.

The administration has suggested these areas for changes. We would like for you to look at them. If you can come up with other areas of legislative changes, then so be it.

Chairman **Perkins**. What entitlement programs are subject to reconciliation? There seems to be a difference in interpretation between the House and the Senate on this.

I would like to know if I am correct, that the Budget Act intends—I am quoting from page 2 of the House committee's report on 96-435—"the reconciliation process extends only entitlement legislation which is to become effective during the upcoming fiscal year."

Is that correct?

Mr. **Panetta**. That particular issue has been raised in the budget conference: again, that is one of the reasons we are in a bottleneck, because the Senate has not taken that approach. They have said they will instruct all their committees without considering that language. The Parliamentarian on the House side has said the problem of reconciliation can only be applied to new programs. There is a dispute between the House and Senate approach, and that is one of the reasons the House conferees have decided that we ought to use basic savings as the basic approach.

Your interpretation of how this should occur on the House side coincides with that of the Parliamentarian.

Chairman **Perkins**. I judge the House and Senate Budget Committees are not in agreement as you state. Would it be possible for the conferees to first agree on the fundamentals of the process so as to enlighten their colleagues in the Congress?

It seems to me we are embarking on new procedures without any rules or guidelines, and the implications to me are disturbing. We cannot support budget resolutions unless their implications are fully understood.

This thing bothers me an awful lot in connection with this program.

Mr. **Panetta**. Mr. Chairman, I want you to know that Chairman Giaimo and I and the other conferees on the Democratic side share that concern. We have never tried to take the position that the Budget Committee ought to be a supercommittee on the House side and goes around with a hammer and tells chairmen what they should or should not do. In fact, we have had tremendous cooperation from the chairmen and committees in trying to take the Budget Act seriously, in trying to meet the goals we have set.

The Senate side, what they have done is to tell every committee what they will do. They are going to have to back that up.

I have raised the issue in conference with Senator Muskie saying yes, reconciliation was a tool, but you may find it is a tool that cannot be used as you would like; and it will undermine the intent. But to use it in the fashion that the Senate is, is an abuse of the reconciliation process.

Chairman **Perkins**. Mr. Ford.

Mr. **Ford**. Thank you, Mr. Chairman. I would like to join the chairman in his comments and voice our strong appreciation for your action in the conference meeting in dealing with the programs coming from this committee.

It is interesting to observe, and I hope the food service people who were in here beating me on the head last year will take notice of the fact, that the House committee has not singled out the child nutrition programs as a sacrificial lamb. But on the Senate side, where it is part of the sacred cow called agriculture, they are singled out.

I am pained, however, to see some of the language in this statement, because I know it is difficult with your background and your support for these programs to have to talk this tough to us. But I would like to walk through the last two paragraphs on the bottom of page 2.

You are presenting us with an interesting dilemma here, saying we ought to cut, but that you do not want to take the responsibility as a committee of defending the cuts which might be necessary to achieve some degree of legitimacy.

I can understand that, because to do otherwise you would have to be acting as a supercommittee.

You say: "No one, certainly not this witness, wants to deny to any elderly, disabled or poor person the benefits of a program which is legitimately needed."

Then you say: "What we are talking about when we refer to legislative reform are Federal programs which assist persons who do not need the services, programs which are ineffective in delivering the service, and programs which create inequities between one group and another."

Now I have some difficulty after 15 years of work with this legislation of identifying those statements with the child nutrition programs in their present form.

Is it the view of people on your committee that these programs were designed primarily for elderly, disabled, or poor persons?

Mr. **Panetta**. I think in the basic sense of the Budget Committee in debating this area, the principal target was the disadvantaged.

Mr. **Ford**. It never was. That is one of the difficulties we have. If you start from where we are and work backward, it looks as though we have let a lot of people participate in something that was for poor folks. This is an agricultural subsidy program and continues to be. There are ways to make cuts without affecting kids. We could cut in the commodity area by not buying as many peanuts as we have been.

The fact is, this started out as a method of purchasing surplus commodities. More recently, however, we have moved more and more toward the idea of recognizing that a child with an empty stomach does not learn well. That is not something that cannot be measured by categorizing the income of parents. For example, because a family which exceeds the income because both mother and father are working in the factory and both leave the house before the child goes to school is just as likely to send a child to school hungry as a family that does not have money to buy the proper food. We have more broken families, more single-parent families than at any time in history, and while all this is going on, people in the program tend to ignore that this is happening to kids who come to school.

My own State became so concerned about the situation, that the legislature now requires a uniform complete school lunch participation on a statewide basis because they decided that even with the economic pinch that we have, that it is such an important problem in terms of being able to educate children properly. It was worth setting aside some of the other things they would like to do with State money. That is a trend which I think fortunately is moving across the country. We are finally listening to people who tell us that hungry children do not learn well.

When one makes an attempt to cut back people participating in the program, they should realize that there is not intended to be a differentiation as to children. The fact is, the whole idea of putting a stamp on children's hands and having them go through the line and be identified as poor or not poor has led people to draw a lot of bad conclusions as to what the program is designed to do.

Even more importantly, it has caused people to believe that the school lunch program only should be applied where you have a large number of certified or statistically certified poor children. That led us to the situation where the majority of poor children were in schools where the free lunch was not available because of misconceptions people had about the program.

So, while we would like to be as responsive as possible, this is the wrong program for this committee to start backing off on, because the American public and people on the local level are beginning to treat this program as an adjunct to education instead of just a way to save local expenses.

One other observation: The suggestion that there are those who do not need it benefiting from the school lunch program is something that you would lose immediately if you walked through a line and looked at a type-A lunch. You have to be hungry to eat that lunch. The kids are not opting for the type-A lunch because it is better than a McDonald hamburger or than waiting until after the lunch hour to get something out of the vending machine. They are eating it because they are hungry. That fact would be borne out if you go with your kids and take a look at the type-A lunch. It is improving, and even at the high school level we are allowing people to make individual choices. But one of the problems we continue to have is feeding kids things that are acceptable to them. Even if the food is nutritious, it is hard to hammer a kid over the head and say, "Eat this." What we have in the type-A meal is nutritious, but certainly not any more desirable or competitive in the children's mind than the military meals you saw in the chow line.

There is a broad assumption that there is some kind of a rich-kid-poor-kid balance that takes place and the rich kids rush in and take food that would otherwise feed poor children. It just is not true. It would be easy to listen to the people who preach this in Washington and perhaps be persuaded, but you only have to walk with your own children to see that this is not so.

Again, Leon, we on this committee respect very much the tough job that you on the House side had, holding our education programs together this year. You had to take on scared cows such as revenue sharing and others and stand nose to nose with the Senate to do it. I have to observe to you that I cannot believe that having marched up here like a good soldier that you really believe we ought to cut kids.

So I want to compliment you on a very fine statement and tell you like the chairman, I will take it with a grain of salt and love you forever. Thank you.

Chairman **Perkins**. Mr. Panetta, you can tell the Budget Committee that not just Carl Perkins has this feeling.

Mr. **Ford**. Wait until George Miller sees that you have mentioned the women, infants, and children program as being something we should cut.

Chairman **Perkins**. Mr. Erdahl.

Mr. **Erdahl**. Thank you very much, Mr. Chairman, and thank you Mr. Panetta for being here. I have to be brief because my views pretty much coincide with those of Mr. Ford and those of the chairman. Certainly all of us commend you for what you are trying to do. You have a very difficult task, but I am persuaded as they are that in this area of school lunches, that you picked the wrong priority. There are other areas that can be cut. I am sure you have some in mind, as do I. One of the concerns I have is that in yesterday's testimony we learned from the GAO that they really do not know what the effects of these cuts might be, and the question I would have is, has the Budget Committee studied what the effect of these cuts might be? For us in this committee, to act on these cuts without analyzing the possible impact and results, I think, would be irresponsible. Do you agree?

Mr. **Panetta**. As I responded to the chairman, we feel the role of the Budget Committee is not to do indepth analysis on all these. We think that is the work of the authorizing committees. Nobody can replace the experience of Mr. Ford, Mr. Perkins, and other members of this committee in terms of dealing with this program. But at the same time, the administration and Carol Foreman, who has operated the programs for the Department of Agriculture, have suggested, and I certainly do not question her desire to share in the same goals in terms of the food programs and who those food programs ought to be serving, but they feel reductions can be made in areas such as reimbursed lunches, and it will not impact that seriously in terms of the children and the lunches that are served. I think that is a legitimate argument to be looked at. I am not saying you ought not to consider GAO or the testimony presented to this committee, but the administration has presented evidence and studies which support the fact that savings can be made in these areas, and what we are saying as a committee is, please do not reject these out of hand.

Mr. **Erdahl**. Carol Foreman was here. She made the observation that a nickel will not make that much difference, but she makes over $50,000 a year. For her to come here and say this when we have many families living on below-poverty levels trying to get food, and we have families where both parents are working, I think that testimony did not really excite the committee too much, to put it bluntly. I thank you very much, you have a tough job.

Thank you, Mr. Chairman.

Chairman **Perkins**. Mr. Kildee.

Mr. **Kildee**. Thank you, Mr. Chairman.

Leon, I have always had sympathy for an attorney who has a mean-looking client to represent, and I submit you have a mean-looking client on this issue, anyway. I have always believed that one can judge a society by the way it treats its very old and its very young. I think that is true today, geographically as you look around the world and historically.

I am convinced the administration has been stingy on nutritional programs as to the elderly and young. Look at their proposal. The administration has been stingy on those two groups by which we judge how humane we treat people in a society. Now I ask you, has the Budget Committee taken note of that stinginess?

Mr. **Panetta**. I can tell you one of the big battles which has gone on in the budget conference is trying to protect the House position on funding for social programs, including nutrition, where Members on the other side would like to see reductions to human service functions which are part of the budget.

We have in fact been fighting this on a daily basis, because the Senate at the same time is trying to get a 3- to 5-percent increase in defense spending. They are talking about spending of about $20 billion. At the same time we all talk about how important it is to try to keep the deficit down. What we are saying is, look, we want to fight for the programs which the Democratic Party has stood for and which are important to people. But if we are to fight that battle, we have to at least say the committees are willing to look at these programs and not reject these things out of hand. I sympathize with your arguments; we have heard them before. But if you reject any look at a potential savings because it is an area which is untouchable, we have a lot of untouchables. We talk to the Defense people. They say, "This is untouchable." We look at other areas. They say, "This is untouchable." In the end, we wind up giving everybody what they want.

I sympathize with the goals you are seeking, but that is not to say these goals do not have their problems.

I work on the food stamp issue in the Agriculture Committee. We think that is important. Food stamps has its problems in terms of administration. Anybody who says it does not is simply blinding themselves to that problem. There are savings which can be achieved. We estimate about $300 million can be achieved in the food stamp program by improving the administration of that program. That is not to say we reject food stamps or the ability to give necessary stamps. But it is to say, we have to look at these programs as objectively as we can as to savings.

Mr. **Kildee**. I don't think really it's a question of rejection, rejecting it out of hand. I think you have deep experience in this committee.

We have deep experience and deep concern, so it's not a rejection out of hand. We have had extensive hearings and more indepth hearings than the Budget Committee, by its very nature, could possibly cover.

We have had experts in here, including the providers in the school district. We have had experts in here, the receivers. I walked through some of those lines. I observed them when I was teaching, so we have years of experience. Look at the people who have shown some disagreement with your proposal. They cut the range of political belief.

You find people who are concerned about using dollars wisely to provide needed services, so I submit that this committee is not rejecting out of hand. It is using its years of experience to make this judgment, and I think we are concerned. Again I know you have a client to represent that is a very difficult client to represent, and I recognize the problem your client has, the Budget Committee.

I recognize that other departments are better organizing their lobbying efforts.

Thank you, Mr. Panetta.

Chairman PERKINS. Mr. Williams.

Mr. WILLIAMS. Leon, I think what we are hearing today is a microcosm of what is going on across the country regarding this matter of balancing the budget.

Everybody is saying, "please balance the budget, and do unto others, not unto me." But facts are facts, and there are some areas of the budget that politically and humanely ought not to be cut. In fact ought really to be expanded.

I think we can say with some certainty that the school lunch program is one of those areas that ought not to be trimmed back. I am intrigued that your committee does not see it within its purview to analyze the issue, at least in the manner that you defined for Chairman Perkins.

I wonder if you considered your action, though, to have this possible effect. When we trim back on the paid lunches, we may in fact be tipping the saucer and seeing the number of reduced and fully paid lunches increase, thus placing a much greater strain on the Federal budget.

Had you considered that?

Mr. PANETTA. Well, again, in discussing those areas of legislative savings and the recommendations of the administration, we felt that they had made a case that the reductions could be made with a significant savings and without the other side of that increase being considered.

I think again that issue is something to be looked at, though. You have raised an important issue as to whether by reducing that element you are simply going to be increasing in another area, and I think that is a point that has to be considered. I don't disagree with that.

Mr. WILLIAMS. Our administrators of this program in Montana gave me their hunch, and I do not know that it is any more than a hunch, that that will be the precise effect of it. The partially paid lunches may increase significantly. It is like that mattress add we see on TV, when you push it down here it pops up over here.

I guess in closing, the message that you are hearing from this committee is: you really ought to go back to our colleagues and mutual friends on the Budget Committee and tell them it's too close to Christmas for them to be acting Scrooge on this one.

Mr. **Panetta**. We would hope, again, and I understand the position of the committee, we just hope in looking at these programs you at least consider the arguments that have been presented by the administration. You have done it and other committees have done it, and we hope you do the same thing.

Chairman **Perkins**. Let me say that Mr. Ashbrook is very well known as being honest in his approach to problems, and he feels as strong about this legislation as Carl Perkins or anybody else on this committee.

Mr. **Panetta**. Hell of a combination.

Chairman **Perkins**. Mr. Simon?

Mr. **Simon**. Mr. Chairman, I thank you and I thank my colleague.

I serve on the Budget Committee with Mr. Panetta, and I am on a Conference Committee. We have now been in the conference with the Senate for 12 or 13 days now trying to work this out, and Mr. Panetta and his task force, particularly Mr. Panetta, have really done an outstanding job in this legislative savings area.

As he knows from our discussions, I happen to disagree with him in this particular area; but there is no question that in this committee and every committee we are going to be looking for areas where we can legitimately save money.

I am part of a minority who disagrees with my colleague to my right, Mr. Ford, and I think on the majority and minority sides in the interest portion of the student assistance, student loan program, that would be an area where we can legitimately save some money.

I do believe, and I know your complete sincerity in this, I do believe that the impact of cutting back, even though in theory we cut back on school lunch programs only for those parents or children who can afford it, the impact in fact is that you eliminate the program for kids who really need it and who aren't getting it.

The evidence we have had for our subcommittee and for this full committee has been overwhelming in that direction, so that I have, unsuccessfully, resisted the cuts in this area.

I think you have to continue to point out where we can achieve savings. You are doing this, and it is no fun to come to committees and say you ought to be saving money here, there and everywhere, you ought to continue to watchdog us and where you can see areas where we can save money, continue to come out.

I think from time to time there will be things that theoretically look like good places to save money, but for very practical reasons are not places where we ought to save money, and I think the school lunch program is one of those areas.

When you ask the theoretical question, should people whose income is above a certain amount pay for their own school lunches completely, the answer is, of course they should.

Of course, when you examine it, you then eliminate school lunches for kids who cannot afford it and then you come up with a different answer, so I applaud the efforts of my colleague from California, and respectfully dissent on this one matter.

I would be pleased to hear your response.

Mr. **Panetta**. Paul, we have talked about that individually. I certainly think that if the committee makes a case that in fact the consequences of the reduction are an increase to spending in another area, and can substantiate that, that that is an argument that is legitimate that needs to be presented both to the Budget Committee, to the House and to the American people. We cannot blindly say you have got to march down this road, regardless of its consequences.

That is crazy, so if that position can be made, that is fine. I want to impress upon the committee and other committees as well, in approaching these programs, we don't just suddenly label certain areas as being holy and untouchable, because the fact is that as we look at some of these programs, there are areas where through a thorough review some savings can be achieved, and legitimately so, and that is all I am really asking this committee to do.

The $250 million target in legislative savings is just that. It's a target, and if the will of this committee is that those savings can be made here or elswhere, I am prepared to leave that to the committee's judgment.

Mr. **Simon**. It would be interesting also for the committee to hear a little from you on something that could impact on this committee and every other committee, and that is this reconciliation debate that is now going on in our conference between the House and the Senate.

I wonder if you would respond. I am sorry I got here late. This may have been discussed.

Mr. **Panetta**. I have indicated that to the committee, Paul. The committee, I am sure, is aware of the Senate's position. I guess one of the concerns we have on the outside is that if committees don't look at these programs, then the pressure for spending limitations for budget amendments, or the kinds of arbitrary approaches to spending in this institution, that the support for those kinds of approaches will grow.

Reconciliation is kind of the first step in that direction. The Senate feels that this is the only way they are going to do it. We have got to keep that in mind in trying to adopt these legislative savings in a responsible way. To do that, I think would be a dangerous trend for the Congress, and that is why I am before you and urge you to look at these areas.

Mr. **Simon**. Thank you, Mr. Chairman.

Chairman **Perkins**. Mr. Goodling, I am sure would like to ask a few questions when he arrives, so if you could wait for 5 minutes.

Mr. **Erdahl**. Mr. Chairman, I have kind of a brief position paper handwritten from ranking minority Member John Ashbrook, and if I could be permitted to read that for the record?

Chairman **Perkins**. Please go ahead.

Mr. **Erdahl**. You anticipated what he is going to say.

His position is that we should look at these programs, but the cuts in child nutrition must be justified in the sense that we are assured that the nutrition of children will not be put at risk.

He feels and has said that the Department of Agriculture has not justified its recommendation in those terms. Mr. Ashbrook is particularly concerned that the cuts in school lunch support will cripple the entire program. He fears that the economics of the program are not sufficiently understood and have not been presented to the Budget Committee by the Department of Agriculture.

Thank you, Mr. Chairman.

Chairman **Perkins**. Thank you.

Mr. **Simon**. Mr. Chairman, I can't remember any occasion just recently when I have agreed with Mr. Ashbrook, but I am pleased to note this occasion for the record.

Mr. **Panetta**. I think that handwriting ought to be checked.

Chairman **Perkins**. Mr. Panetta, if you want to suggest any witnesses we can schedule, we will be glad for you to suggest them to us.

Mr. **Panetta**. Did Mr. Goodling want to ask me some questions?

Chairman **Perkins**. Yes; he did. If you will wait just a few minutes.

We will let Mrs. Pat Earles, president of Kentucky Parent-Teachers Association make her statement.

STATEMENT OF MRS. PAT EARLES, PRESIDENT, KENTUCKY PARENT-TEACHERS ASSOCIATION

Mrs. **Earles**. Thank you, Mr. Chairman.

I am Pat Earles of the Kentucky Congress of Parents and Teachers.

I am testifying today on behalf of children and parents in the Commonwealth of Kentucky.

We have over 165,000 members of PTA in Kentucky and close to 6 million in the National PTA.

As you know, PTA is the largest volunteer organization that works only for children, and that is what this is all about, our children.

The PTA feels that the National School Lunch Act that was established in 1946 would have come to pass, but we feel like it would not have happened quite as quickly without our help.

PTA members are parents who feel that we must go to battle again for this very important program. The present rates of reimbursement make it possible to offer meals within a price range for most students who do not qualify for free or reduced meals.

The volume of operation is a factor in controlling meal costs. More than 50 percent of school meals are purchased by paying children. Therefore, the participation by a majority of the children is an economical factor in keeping the meal costs at a minimum level, as well as the nutrition factor which is the program's purpose.

We parents do not want to see the school meal programs become a total welfare program where only poor or disadvantaged children do participate, where their participation would be an advertisement of their social, economic status, and such a condition would be detrimental to the children's total development.

As a parent, I would like to state again that these paying children are essential to maintain the program for the poor or disadvantaged children. If the paid children drop out, the community may not be able to afford this meal program. We are also concerned that we will again see the "brown sack" back in our lunch room, and we know that a lot of those lunches would contain a bar of candy, a bag of potato chips and we, as parents, do not want to see that.

I urge you not to cut this vital program, because if just one child stands taller, is healthier and more alert for receiving a vital warm lunch or a nourishing breakfast, wouldn't that be worth it all?

If we are going to have this program for some children we must keep it for all children.

My term as State PTA President is for 2 years, and my theme for those 2 years is, "All children are our children."

I hope that we can reach my goal.

I thank you for the honor and the privilege of appearing before the committee and I would like to share with you one of my favorite poems.

The name of it is "Take Care."

Nobody knows what a child is worth;
 A child with a mind that is keen;
A child who sings around the place
 And lives a life that is clean;

Nobody knows what a child is worth,
 And the world must wait and see;
For every adult in an honored place,
 Is a child that used to be.

This is what we are talking about today, our children, yours and mine.

Thank you.

Chairman **Perkins**. Let me compliment you on your testimony.

Mr. Kildee, any questions?

Mr. **Kildee**. No questions, just to say that having worked with the PTA through the years, that I recognize that they are very close to this program, and I appreciate your testimony this morning.

Mrs. **Earles**. Thank you.

Mr. **Simon**. I want to join my colleague, and from what State are you again?

Mrs. **Earles**. Kentucky.

Mr. **Simon**. I think that State is represented on the committee. We thank you for your testimony.

Mrs. **Earles**. Thank you.

Chairman **Perkins**. Mr. Goodling?

Mr. **Goodling**. I am very happy to have my colleague before us today.

I would like to ask you a couple of questions, Mr. Panetta. First of all, did the Budget Committee really consider the impact of the administration's proposal, or did the Budget Committee just take it at face value?

Mr. **Panetta**. Mr. Goodling, the basic point I wanted to make, and I have been asked that question, is that the Budget Committee does not feel it's within its purview to do a thorough indepth analysis with hearings on issues like that, because we think that is really an area for the authorizing committee to make that judgment.

Mr. **Goodling**. You don't rely heavily on what we have to say?

Mr. **Panetta**. You are the people that are involved in the program and you have to make those determinations. The Budget

Committee relied on a very strong recommendation by the administration which appeared to be supported by studies that they had made in the administration. We thought it was at least an area that ought to be looked at by the committee.

When we establish these targets on savings, this committee, as I said, testified it is about $250 million in terms of savings. Much of that has already been achieved but there were those areas suggested, and we ask that the committee look at those areas and to use your best judgment and not just reject it out of hand. That is the concern I have.

Sometimes committees will reject these ideas out of hand, because they have constituents that support these programs. Take a hard look at it, and if you think it is justified, then, fine.

Mr. GOODLING. I have fought free lunches for everyone and fought 25-cent lunches. At this time I am here to fight against a nickel decrease, because when you talk about 13-percent inflation, of course, it means you are taking the middle-income Americans and making them low-income Americans, and you are taking the low-income Americans and making them poverty Americans.

I don't see how at this particular time we can accept a recommendation such as this. There are other ways than the whole child nutrition program to bring about some savings, and I think the Department of Agriculture could go a long way in bringing those about. I was in the business, and I couldn't believe the things that were shipped from your State to my State, and we were producing it right there.

When you think of the costs involved in shipping alone, it is just unbelievable.

Mr. PANETTA. That is the kind of thing, Congressman, that I think is very important. If the committee is sensitive to the other areas where those kinds of steps can be taken, that is really what we are asking.

I am mentioning it in terms of food stamps, with which I deal on the Agriculture Committee, that while we support the basic thrusts of the programs and the needs it fulfills, there are some administrative savings that can be achieved and are being recommended that will not hinder the basic thrusts of the program.

We would ask you to look at that aspect.

Mr. GOODLING. I am sure the chairman will and we as a committee will.

I don't want to say at this particular time that we are going to reduce school lunch subsidy to the paying customer by a nickel. That really snowballs. When you talk about 5 cents, it doesn't sound like very much; but that 5 cents will start to snowball into 10, 15, and 20 cents. I think we as a committee should be looking very seriously at the ways that we can cut waste and encourage the Department of Agriculture to do the same.

On the other hand, this 13-percent inflation is not the time to tell that person that we can hardly make ends meet. That is why I would hope you would listen carefully to all of the testimony which we are gathering, compiling, and think seriously about that.

Mr. PANETTA. We intend to.

Mr. **Goodling**. Of course, some of those people who want to do everything possible about the budget, those people say look some other place, but we need to be very careful.

Chairman **Perkins**. When you get back to the Budget Committee, if you can find any of your colleagues that can shed any light on the administration's point, we would certainly like to have them before this committee.

You impart that information to them, and we will convene any time and hear anybody. We are doing our best here.

Any other questions?

Thank you very much, Mr. Panetta.

Mr. **Panetta**. Thank you very much.

Chairman **Perkins**. We thank all of you.

You have been very helpful to us today.

The subcommittee stands adjourned.

[Whereupon, at 10:55 a.m. the Subcommittee on Elementary, Secondary, and Vocational Education of the Committee on Education and Labor adjourned.]

OVERSIGHT HEARINGS ON THE CHILD NUTRITION PROGRAMS

Proposals to Reduce Federal Subsidy for Paying Student

THURSDAY, NOVEMBER 1, 1979

HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins and Erdahl.

Staff present: John F. Jennings, majority counsel; Beatrice Clay, majority staff assistant; and Richard DiEugenio, minority legislative associate.

Chairman PERKINS. The subcommittee will come to order.

In a continuation of the school lunch hearings, the witnesses today, are Jean S. Tufts, first vice president, National School Boards Association; Richard H. Escott, superintendent, Jackson Public Schools, Jackson, Mich.; Ronald E. Walton, superintendent, Monroe County Community School Corp., Bloomington, Ind.; Herbert Liebich, the National Frozen Food Association, Inc.; and Mrs. Cheryl Helene Esposito, a parent.

Let me call on you, Ms. Tufts, to begin, and let me say I am delighted you are all here.

Without objection, all of your prepared statements will all be inserted in the record.

STATEMENTS OF JEAN S. TUFTS, FIRST VICE PRESIDENT, NATIONAL SCHOOL BOARDS ASSOCIATION; RICHARD H. ESCOTT, SUPERINTENDENT, JACKSON PUBLIC SCHOOLS, JACKSON, MICH.; RONALD E. WALTON, SUPERINTENDENT, MONROE COUNTY COMMUNITY SCHOOL CORP., BLOOMINGTON, IND.; HERBERT LIEBICH, THE NATIONAL FROZEN FOOD ASSOCIATION, INC., ACCOMPANIED BY MICHAEL J. GIUFFRIDA, DIRECTOR, GOVERNMENT RELATIONS; CHERYL HELENE ESPOSITO, PARENT, WILMINGTON, DEL.

STATEMENT OF JEAN S. TUFTS, FIRST VICE PRESIDENT, NATIONAL SCHOOL BOARDS ASSOCIATION

Ms. TUFTS. My name is Jean Tufts, and I am the first vice president of the National School Boards Association.

We appreciate this opportunity to testify before your committee on the effects of limiting the funding for the paid lunches under the school lunch program.

During our last national convention last April, our delegate assembly adopted a resolution which in part calls upon the Federal Government to provide adequate support for the Federal programs by fully funding authorized levels of need, and not deferring, rescinding, or reconciling previously agreed to appropriation levels.

For the record, I should indicate that the National School Boards association is the only major education organization representing school board members. Throughout the Nation, approximately 90,000 of these individuals are association members. These people, in turn, are responsible for about 95 percent of the Nation's public schoolchildren.

Currently marking its 40th year of service, NSBA is a federation of State school boards associations, with direct local school board affiliates, constituted to strengthen local lay control of education and to work for the improvement of education.

Since most of us are elected public officials, they are politically accountable to their constituents for both education policy and fiscal management.

As lay unsalaried individuals, school boards members are in a position to judge legislative programs purely from the standpoint of public education, without consideration of their personal professional interest.

The concerns which the National School Boards Association brings to the authorizing committee today are rather unique since they relate primarily to the appropriations for the school lunch program. We are extremely distressed that the Administration and the budget committees have seriously entertained initiatives to reduce funding below current formula levels.

These initiatives have not only challenged the priority for the entire program. but also threaten to create new uncertainties in the management of the program. Certainly, proposals before the Budget Committee could interfere with school district price setting and budget planning.

Our statement today also recommends that the committee continue to provide oversight to determine how unnecessary Federal paperwork and administrative overburden can be removed from the program. Since school systems tend to subsidize the school lunch program, we do not believe that the administration should propose funding cuts without reducing the local costs of Federal regulation.

For more than 30 years Congress has recognized the connection of food to the educational and general health of America's schoolchildren and, in turn, to the national well-being.

In the National School Lunch Act, the Congress declared that, "as a measure of national security, to safeguard the health and well-being of all our Nation's children, and to encourage the domestic consumption of nutritious agricultural commodities and other foods."

[Editor's note.—The paragraphs in the written statement which were omitted in oral testimony follow:]

We know of no statistical or empirical evidence which in any way suggests that the role of the Federal government should be diminished. High quality nutritious foods are as essential to the health and well-being of American citizens today as they were in 1946, when the program began. According to Dr. Julius B. Richmond, U.S. Surgeon General, "Americans are healthier than ever." He said: "Without a doubt, the major reasons are related to overall improvements in living conditions: (1) Better nutrition, (2) better sanitation, (3) less-crowded housing, (4) more employment opportunities, and (5) greater access to education.[1]" We believe that the thirty years of federal support in providing nutritious, reasonably priced lunches to school children has played an important role in acheiving two of those factors: better nutrition and greater access to education.

While the link between nutrition and education has been well documented (e.g., the Iowa Breakfast studies,[2] a few examples should illustrate the point. N. E. Matheson's work at the University of Southern California[3] showed significant gains in arithmetic and symbol decoding skill if the children were given specific food in the morning hours. D. Stephen Kretizman of Emory University studied two 4th grade classes: one had only milk, while the other had a balanced high quality meal. The results reported by the teachers of those children having had a complete meal were (1) not one child fell asleep during the day, (2) apathy all but disappeared, and (3) hyper-irritability was greatly reduced. Furthermore, the teacher reported subjectively that children were better able to master and retain concpetual material[4]

Mr. TUFTS. We believe wholeheartedly in these programs. I have seen the director of a day care center serving over 300 poverty children and seen the direct results in those programs in improving those children's health and their educational attainment.

We have cited several cases in our document of documented cases of the value of the School Nutrition Act.

The administration's budget request included three major components:

One, limit student eligibility for free lunches by cutting the family income factor from 125 percent of poverty to 100 percent;

Two, limit student eligiblity for reduced lunches by cutting the family income factor from 195 percent of poverty to 175 percent, and;

Three, reduce the Federal commitment for paid lunches by 5 cents. Ironically, the first two items would have impacted hardest on those economic groups least able to pay. Fortunately, the pursuit of those proposals has not been the focus of the current budgetary debate. The question which now arises is whether to reduce funding for paid lunches by 5 cents.

Proponents of the cut argue that a 5-cent reduction from the reimbursement rate for paid lunches would result in a Federal expenditure reduction of $120 million, to be absorbed by children and parents of these children. In addition, USDA projected in their budget that approximately 4 percent or 600,000 paying children would drop out, effecting another $26 million savings for the Federal Government. But it is the students' dropping out of the program that gives us a great deal of concern.

In dealing with the dropout issue, we believe that the proposed 5-cent reduction needs to be placed in practical perspective. A 5-cent increase equals $9 per year per child. Therefore, if there were a 5-cent cut in paid lunch reimbursement plus a 10-cent increase in nonsubsidized program costs, as a result of inflation, in the nonsubsidized parts of the program, then the cost would total $27 per child per year. For a three-child family this would amount to $81 per year, not 5 cents.

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[1] *United States News and World Report*, October 29, 1979., p. 63.

[2] Cereal Institute, Inc., *A complete Summary of the Iowa Breakfast Studies*, 1962.

[3] Matheson, N.E., *Mid-morning nutrition and its effects on school type tasks*. Ph.D. Dissertation, University of Southern California, 1970.

[4] Kreitzman, Stephen, W., *Evaluation of the Craddock Breakfast Study*, Atlanta School of Dentistry, Emory University, Atlanta, Georgia, 1973, unpublished.

In reviewing USDA's projections that children would drop out of the program, Congress needs to give some thought to the income category of these children and whether an equally nutritious alternative will be available to them. We expect that those middle-income children who will drop out first will be those whose families are just above the near poverty cutoff for the reduced lunch program.

In addition, since many children involved in the program are from relatively young single-income families, that is, those hardest hit by inflation, some of the dropouts might be substantially above the poverty line. In such case, there is no reason to believe that the nutritional value of the brown bag, of the children carrying their own lunches, will be adequate.

While we have no reason to take issue with USDA's projections that a nickel increase will force out 600,000 students, NSBA is presently surveying approximately 75 district food services directors to get an indication of past increases in prices and their influence on the number of dropouts.

We have included our NSBA survey instrument in our testimony. Since these computations will not reflect current and expected downturns in economic conditions, USDA's projections and our own results on student dropouts may be conservative indicators.

As a policy, NSBA believes that when economic conditions are difficult, Congress should not pick and choose among children of different economic groups. The general health of all students is important.

I would like to address the adverse effects on free lunches. Some proponents of the 5-cent reduction argue that apart from saving Federal dollars, cutting the paid lunch reimbursement rate can enable greater focusing of assistance on lower income levels.

Presently, 72.4 percent of the school lunch funds are utilized for free meals, 7.5 percent for reduced, and 20 percent for paid meals. At the same time, 36 percent or 9.4 million of the participants receive free meals and 8 percent or 2.1 million receive reduced price meals. In other words, while 54.9 percent of the participants or 14 million children from middle income families are involved in the program, they expend only 20 percent of the funds.

To the extent that a 5-cent reduction in the paid lunch reimbursement and any efforts toward further reductions causes middle-income children to drop out, the program will become confined to economically needed children.

This raises two problems: One, identification and discrimination, and two, the affected economies of scale.

The passage of Public Law 91-248 required that schools prevent overt identification of needy children. If lower middle income children are forced out of the school lunch program, in some attendance areas, the identity of the remaining children in the program will be very obvious.

Another problem relates to the economies of scale. For instance, in the State of Indiana 85 percent of the children pay for their lunches and in Cobb County, Ga., 90 percent pay. In programs such as these, which are in every State, the number of paid participants allow the school districts to provide food at the lowest cost per unit.

The point is that at some level, cuts in the paid reimbursement rate can remove enough children to cause a price spiral which will not yield sufficient funds to feed the remaining children, including the free and reduced eligible child. In such instances the choice would be to (1) eliminate current cafeteria programs; (2) subsidize the program with local property tax increases, or (3) divert funds from other educational programs.

Given these options, we believe that at the very least, current data on the economies of scale issue should be developed before giving further consideration to the administration's position.

Our last point would be concerning the bookkeeping issue. In a number of cases, school districts have expressed concern over the increased bookkeeping requirements associated with the Federal school nutrition programs. Some large systems have met the requirements by hiring additional administrators.

One urban district recently hired four college graduate level administrators specifically for this function. Many school systems cannot afford the option of hiring more personnel. Yet in such instances, increased bookkeeping reaches beyond the capabilities or the time of cafeteria personnel who may not have been trained or hired to deal with extensive regulation.

Often, building principals have picked up the slack by diverting more of their time or that of other education administrators to school hot lunch programs. Rather than expanding on individual cases at this time, we simply wish to alert the committee to the fact that increased Federal regulations are a problem, especially if at the same time funding for the program is going to be cut.

We look forward to offering the committee a more extensive report on paperwork once our costs survey data has been tabulated.

In conclusion, the administration and some members of the Budget Committees have proposed to cut back on the Federal subsidy for paying children under the school lunch program. Especially at a time when real income is falling, and is expected to fall further, these cuts can have a serious impact on those families which are just over the income level for the reduced lunch program.

To the extent lower middle-income children are forced to drop out of the program as a result of other increased family costs, the health and educational opportunities of this group will suffer. Further, especially since the paying children subsidize the nonpaying portion of the program, the economies of scale which will be lost through students dropping out will ultimately jeopardize the financial and political viability of the free-lunch component.

We are also concerned particularly with the precedent of Congress considering this entitlement program in the last minute negotiations of the new budget process, which has been completed as we enter the second month of the school year. Sound budget planning and meal price-setting at the local level cannot tolerate that kind of uncertainty. At this point in the year our budgets are set for all of our programs, including our hot lunches.

Finally, we suggest that the Congress look closely at the hidden costs associated with regulations and paperwork in school feeding programs. The Government needs to design the most efficient accounting system possible as a means of saving tax dollars before it considers forcing children to drop out of school lunch.

For the foregoing reasons, NSBA is totally opposed to any cut in the school lunch subsidy.

In closing, we wish to commend both Chairman Perkins and Representative Ashbrook for their efforts to preserve authorized funding levels for this program.

Thank you, Mr. Chairman.

[The survey instrument referred to follows:]

SAMPLE QUESTIONNAIRE

NSBA
(National School Board Association)

NAASFEP
(National Association of Administrators
of State and Federal Education Programs)

1. Name of School District ______________________ Address and Telephone Number ______________________

2. Contact Person ______________________

3. Please check one: (student population in district)

____ 2,301 - 5,000 ____ 15,000 - 25,000

____ 5,000 - 10,000 ____ 25,000 - 30,000

____ 10,000 - 15,000 ____ 30,000 & up

Total number of students enrolled in district for previous years:

1976-77 ____

1977-78 ____

1978-79 ____

1979-80 ____

4. Number of students in the district participating in the following programs:

	Free		Reduced		Paid	
	Elem	Sec	Elem	Sec	Elem	Sec
Breakfast						
1976-77	____	____	____	____	____	____
1977-78	____	____	____	____	____	____
1978-79	____	____	____	____	____	____
1979-80	____	____	____	____	____	____
Lunch						
1976-77	____	____	____	____	____	____
1977-78	____	____	____	____	____	____
1978-79	____	____	____	____	____	____
1979-80	____	____	____	____	____	____

Sample Questionnaire
Page 2 - - -

5. An example for figuring the cost: Use cost per meal, less reimbursement per meal = total cost to district:

	Free	Reduced	Paid
1976-77	____	____	____
1977-78	____	____	____
1978-79	____	____	____
1979-80	____	____	____

6. Forms required to support school feeding program:
(please send examples of forms)

	No of Forms	Time Hours (per form)	* Estimated Cost	** Person Respo sible for Fo
At Building Level				
District	____	____	____	____
County	____	____	____	____
State	____	____	____	____
Federal	____	____	____	____
At District Level				
District	____	____	____	____
County	____	____	____	____
State	____	____	____	____
Federal	____	____	____	____

Frequency of reporting: Daily____ Weekly____ Monthly____ Quarterly____

Note: Please attach a copy of each form for your district to this report.

* Yearly cost

** Position of person completing form: (examples)

Secretary	Food Services Director
Cafeteria Manager	Bookkeeper
Principal	Other

Sample Questionnaire
Page 3 - - -

7. What suggestions do you have to improve the operations of the reporting system?

8. What suggestions do you have to improve the quality of the food program?

9. Other comments

Note: If you have questions regarding this questionnaire, please call John Purcell, Legislative Representative, NSBA, 1055 Thomas Jefferson Street, N.W., Suite 600, Washington, D.C. 20007 Phone No. 1-202-337-7666

Please return the completed form to John Purcell at the above address.

Chairman **Perkins**. Let me thank you for some excellent testimony.

We are going to hold hearings next week on the expansion of the breakfast program. I am a great believer in its expansion. We want to create every incentive that we can to take care of it down my way. We have to get those kids up and get them on the road, and they just don't have the time to eat much breakfast.

We want to see if we cannot, through certain incentives, expand it, and if your organization wants to testify next week we would welcome you.

Our next witness is Mr. Richard Escott, superintendent of the Jackson Public Schools, Jackson, Mich.

STATEMENT OF RICHARD H. ESCOTT, SUPERINTENDENT, JACKSON PUBLIC SCHOOLS, JACKSON, MICH.

Mr. **Escott**. Thank you, Mr. Chairman.

I am here to testify this morning in opposition to the administration and Department of Agriculture's recommendations to reduce the Federal subsidy for full-pay lunch students by 5 cents.

Since my written comments will be on the record, I will attempt to summarize briefly some of the things I feel are more pertinent in my comments.

Over 30 years ago, the national school lunch program was inaugurated. In doing so, Congress in 1975 made it clear that breakfast should be made available in the schools to meet the nutritional needs of children who do not eat good breakfasts at home. This year, the Jackson Public Schools started a breakfast program.

Preliminary figures indicate that, at the current rate, we should serve in excess of 221,500 individual student breakfasts this school year. That compares to 910,000 lunch programs we will be serving this year.

It seems incomprehensible to me that the U.S. Department of Agriculture and the administration would take from a 30-year-old successful school lunch program at the same time they are attempting to encourage school districts to start a breakfast program.

Are we in public education to assume that Federal support for the lunch program will continually be eroded to create money for new programs such as the school breakfast program?

The Jackson Public Schools is an urban district in south central Michigan with a total school enrollment of over 10,400 students. This declining enrollment school district, with a minority percentage of about 24 percent, voluntarily desegregated its schools in 1972. It currently has a minority ratio in each building that is in voluntary conformance with that recommendation by the Michigan Department of Education.

I would concur with Chairman Perkins when he indicates that the recommended changes will affect the integrity of the entire feeding program. Also, I concur with Ms. McCabe, president of the American Food Service Association, who stated that proposed cuts could create many long-range problems and are in need of more intense research and evaluation before being put into effect.

I also concur with Ms. Lorber, director of school food advocacy project of the children's foundation, who criticized the administration's budget cuts for the impact they would have on the need and, concurrently, the unfortunate tendency this would create to have the public view the school food program as welfare programs.

It is my opinion that the Department of Agriculture and the administration should be seeking ways to improve nutrition programs in the public schools rather than making these programs an additional financial burden on the local public school districts.

While the administration may assume that a nickel is just peanuts, be assured that, to a local public school system, it is not.

Let me try to explain very briefly what would happen in the Jackson Public Schools if the Federal subsidy is reduced by 5 cents.

There are two ways a local school system can handle such a reduction. First, they can absorb the loss themselves or pass that nickel increase on to the students. In either instance, the result is a less-than-satisfactory increase. Excluding the reduced priced lunch and free lunches, examining only the fully paid lunches and if we wish to absorb the cost ourselves, the effect on the district would be as indicated.

We averaged 1,646 fully paid meals served each day so far this year. This loss then would come to in excess of $15,000 a year. That is not a particularly large amount. The compounded effect throughout the country is staggering.

What does $15,000 a year buy in Jackson? We can hire a beginning teacher with adequate consumable supplies for an entire school year. It could provide the money to light and heat an elementary school for the 1979–80 school year. With textbooks for secondary students at $15 to $18 each, it could provide textbooks for approximately 1,000 students.

Obviously, the list of what $15,000 could buy a school district is endless. It isn't, however, a particular sum of money that most distresses me; it is the impact this price increase is going to have on the students in Jackson, particularly the disadvantaged students. Continued price increases may force local school districts to expand their a la carte menus while, at the same time, cut back on their total type A meal programs.

It is unfortunately true that, when a la carte menus become the dominant school lunch opportunity, peer pressure tends to force the disadvantaged students away from their free lunches and into the a la carte line, where a less balanced menu is offered, and where their finances are able to only minimally provide them a satisfying lunch.

There are no provisions for feeding children in an a la carte lunch line.

These are all possible results of local school districts attempting to absorb a lunch price increase themselves. When we begin looking at passing the cost increase on to students, the picture becomes even more depressing.

[EDITOR'S NOTE.—The paragraph in the written statement which was omitted in oral testimony follows:]

For the first time in several years, the Jackson Public Schools raised its lunch prices in 1978–79. This year, the Jackson Public Schools will show a decrease amounting to almost 17,000 students participating because of that price increase. The plain fact is that a decrease in participation can also adversely affect a local school district. There are two types of expenses in a lunch program. They are fixed and variable. Despite participation, variable costs per meal such as food and milk remain the same, but fixed costs such as labor, heat, lights, etc. vary. It is estimated that for each 500 meals per day lost, the fixed costs actually cost the district an additional five cents per meal.

I need not discuss the effects of inflation on the average family's spendable income. I need not discuss the effect of inflation on school districts' purchasing powers. But it seems almost a certainty that, if inflation and price increases continue at their present pace, the hot lunch program, because of the additional charges needed to break even, may become a luxury that many, including the non-needy, may not be able to afford.

A study by the Michigan Department of Education shows that in all studies that have been conducted every price increase causes a corresponding reduction in the number of students that are able to absorb the additional price. As a consequence, when increased prices no longer produce the desired increased income, schools are forced to consider alternatives.

One study, done in seven school districts in Michigan, indicated that the data appears to support the thesis that price, up to a point, is a main determinant to participation. For example, 93.8 percent of the children in a particular school in Michigan were eating lunch at one price. When the price was increased by 10 cents, 32.1 percent of the participants dropped out of the program. [See attachment A.]

Combining price increases for fully paid lunches with the proposed cutbacks in eligibility requirements for free and reduced price meals will certainly put a knife into the heart of the basic goal of the entire program. It will certainly affect those students most who have the most to gain from such a program.

It always appears as if the administration's vision seems to blur when looking at basic people programs that most profoundly and closely touch the young people in our country.

If we believe an adequate diet is a necessity for children to function properly, and studies performed by the U.S. Department of Agriculture and others appear to make this assumption, and if we also believe that the school lunch program contributes substantially to that balanced diet, continued Federal subsidy and/or increased Federal subsidy is necessary to help hold prices down.

Michigan public schools, in times of financial crisis, must go to the local taxpayer and request additional millage to maintain programs or make up anticipated deficits. The local vote in Michigan has the choice in determining local school financing. Schools do not have the luxury of legislating new moneys and/or automatically passing reductions on to the taxpayer to maintain existing programs.

Therefore, any reduction in financial support, no matter how small, must be made up through reduction in some other service and/or passing the reduction on to the student as in the case of the school lunch program.

Eroding away of local taxpayers' dollars to support programs mandated by State or Federal agencies with vacillating yearly funding makes local budgeting in a long-range mode difficult at best. The use of spendable income is becoming more and more a question of priorities. With the public on the one hand hard pressed to continue financial support of locally funded education, and the administration, on the other hand, continually attempting to cut educational corners, local school districts are caught in between a rock and a hard place.

A nickel increase on a hot lunch may just be the proverbial straw, seemingly innocent enough, small enough that maybe no one will notice. But when you add it to the nickels here and pennies there, the dime and quarter increases we are facing every day, the inflated heating costs and real dollar markups at every level of educational budgets, local school districts' backs are beginning to sway.

It is time to lighten, not increase, the camel's load.

As a resident of Michigan and of these United States, I congratulate Congressman Perkins, chairman of this House subcommittee, and Congressman Ford from Michigan, for their expressed opposition to any reduction in this valuable program.

Thank you.

[The attachment to Mr. Escott's statement follows:]

ATTACHMENT A

B. Financial:

In the face of rising costs of labor, food and other items going into the total food service operation, and in spite of considerable increases in federal funds, most school operated lunch programs are currently facing a financial dilemma. While the average charge to the child during 1969-70 was approximately 30¢ per lunch, a preliminary survey indicates that the same lunch during 1972-73 cost the paying child around 40¢, and has risen even higher this year. As a result of this increase in price, the number of paying children has risen very little, if any, over the past three years. All studies that have been conducted show very definitely that every price increase causes a corresponding reduction in the number that are able to absorb the additional price. As a consequence, when price raises no longer produce the desired increased income, schools are forced to consider the alternatives of continuing nutritional, well-balanced school lunch programs at a deficit, or discontinue them in favor of ala-carte programs. Additional funds are needed to provide assistance to schools in actually keeping lunch programs in operation.

MDE Study:

The following study was compiled from 42 programs selected at random, comparing claim data for September and October, 1972 with September and October, 1973, and deals primarily with the effects of price increases.

A. Non-Public Schools - 9 Programs:

1 - Dropped out.
1 - No change at all (all served free).
1 - No increase in charge, +6.4% average increase in participation.
1 - 2¢ increase in charge, very little change.
5 - 5¢ increase in charge.

	RANGE IN PARTICIPATION*	MEAN
*ADP Total	16% decrease to 18% increase	2.0% decrease
ADP Needy	100% decrease to 100% increase	75% decrease
ADP Paid	17% decrease to 14% increase	6.8% decrease

Of these five schools, the range of difference from September 1972 to September, 1973 are shown in the first column. For example, total participation in all five districts ranged from a 16% decrease to an 18% increase. Participation of needy children ranged from a decrease of 100% to an increase of 100%, and paid participation ranged from a decrease of 17% to an increase of 14%. The mean indicates the middle school in each category. In other words, the middle school lost 2.0% in total participation. Two programs lost more than 2.0% and two programs lost less than 2.0%. The same pattern follows in the public schools.

B. Public Schools - 33 Programs

1. No change in charge - 11 Programs

	RANGE	MEAN
a. ADP* Total	9.3% decrease to 32% increase	2.4% increase
b. ADP Needy	16.5% decrease to 231%increase	11.3% increase
c. ADP Paid	24.1% decrease to 141% increase	1.0% increase

2. 5¢ Raise in charge - 15 programs

a. ADP* Total	13% decrease to 12.4% increase	2.8% decrease
b. ADP Needy	20% decrease to 121.3% increase	11.2% increase
c. ADP Paid	23.2% decrease to 11.3% increase	1.8% increase

3. 10¢ Raise in charge - 7 programs

a. ADP* Total	33% decrease to 2.4% increase	14% decrease
b. ADP Needy	67% decrease to 38% increase	30% increase
c. ADP Paid	29.6% decrease to 31% increase	15% decrease

*Average daily participation.

The 33 public school districts were then separated out of a study on the effects that the charge to children has on the number of children participating. There are many factors which have such an effect, but it has been believed for many years that price is the most important.

A comparison was drawn between data from September and October 1972, and data for the same period in 1973. Column I compares the charge to children; column II represents the percent of children participating as it compares to attendance; and column III compares the percent of total lunches being served to needy children.

	I. Charge to Child		II. Percent of Participation		III. Percent Needy	
	1972-73	1973-74	1972-73	1973-74	1972-73	1973-74
C. No change in charge to child - 11 districts						
1. High Dist.	35 & 40	35 & 40	74.1	76.2	72.1	64.0
2. Low Dist.	35 & 45	35 & 45	28.0	25.5	4.5	8.0
3. Median Dist.	35 & 40	35 & 40	51.1	50.0	9.6	8.2
4. Averages	34 & 41	34 & 41	49.9	53.3	35.0	36.0
D. 5¢ Raise in charge to child - 15 districts						
1. High Dist.	20 & 25	25 & 30	64.5	68.4	26.4	31.4
2. Low Dist.	40 & 45	45 & 50	22.4	22.3	2.1	3.9

	I.		II.		III.	
	Charge to Child		Percent of Participation		Percent Needy	
	1972-73	1973-74	1972-73	1973-74	1972-73	1973-74
D. 5¢ Raise in charge to child - 15 districts, Cont.						
3. Median Dist.	40 & 50	45 & 55	39.0	36.9	54.0	55.0
4. Averages	34 & 44	43 & 50	39.8	41.3	24.6	28.1
E. 10¢ Raise in charge to child - 7 districts						
1. High Dist.	30	40	93.8	61.7	45.7	23.0
2. Low Dist.	30	40	26.6	21.5	18.1	17.4
3. Median Dist.	30 & 35	40 & 45	61.7	57.7	23.9	33.8
4. Averages	31 & 36	38 & 46	52.6	44.2	43.6	45.0

F. Conclusions: The data gathered appears to support the thesis that price (up to a point) is a main determinant to participation. For example; (1) In district E (1) 93.8 percent of the children attending were eating lunch when the price was 30¢. When the price was increased to 40¢ only 61.7 percent participated. Even at 40¢ however, this percentage is very high. A study will be conducted to find out why. (2) An increase of five cents per lunch in district D (3) made very little difference as only 39 percent of the children were participating in the first place, and 54 percent of those being served were to the needy. (3) 94 percent of the districts reviewed lost participation after a price increase, and generally the greater the increase, the greater the loss. The main exception to this was district D (1) which gained 4 percentage points in spite of a five cent raise. It is interesting to note however, that the increase was from 20 and 25 cents to 25 and 30 cents. (4) 87 percent of the districts reviewed showed an increase in lunches served to the needy following a price increase. It is believed that the children are not identical but that it is merely a part of the total cause and effect. (5) Thirty cents at the elementary level and thirty five cents at the secondary level appears to be the maximum rate not producing a great reduction in participation.

If lunch programs are allowed to be closed, or to be converted to ala-carte service, all children will suffer nutritionally, and the needy will suffer most. There are no provisions for feeding needy children in ala-carte programs.

There are approximately 950 schools in the State where no food service is made available to any children. While under certain conditions funds can be provided to public and non-public schools for the initiation of such service, many school authorities are reluctant to initiate the service for one reason or another.

Since June of 1973 price studies from a number of Michigan School Districts conducted by the Michigan School Food Service Association, indicate the following:

a. Fish, poultry and meat up 40% to 70%
b. Milk up 40% to 50%
c. Canned goods up 16% to 25%
d. Labor costs up 5% to 6%
e. Shortages on many items.

U.S. Department of Agriculture estimates indicate an average raise in food prices of 20% to 30%, and right now this appears to be a conservative estimate. And, according to current news bulletins an additional increase of about 18% is predicted prior to March 1.

If we believe that an adequate diet is a necessity for children to function properly; and studies performed by the U.S. Department of Agriculture, by colleges, and universities, and by individuals certainly appear to make this distinction; and if we also believe that the School Lunch Program contributes substantially to that balanced diet, a state appropriation is also a necessity to help hold prices down. At an average cost of about sixty one cents per lunch, with an average federal reimbursement of ten cents per lunch, leaves an additional sixteen cents, to bring the average price down to thirty five cents. Any amount up to the total would prove helpful.

Additional funds are needed to provide schools with an incentive to:

1. Continue and extend the service of free and reduced price lunches to needy children.
2. Continue, improve and expand those school food service programs currently in operation, and;
3. Install or initiate programs in schools where no service is currently available to children.

Chairman PERKINS. Thank you very much.

Our next witness is Dr. Ronald E. Walton, superintendent of schools, Monroe County Community School Corp., president, Indiana Association of Public School Superintendents, Bloomington, Ind.

STATEMENT OF RONALD E. WALTON, SUPERINTENDENT, MONROE COUNTY COMMUNITY SCHOOL CORP., BLOOMINGTON, IND.

Dr. WALTON. May I state first, Chairman Perkins, that when the statement was prepared, we were not certain as to whether the proposal was an 11-cent decrease or a 5-cent decrease, so the statement reflects both options; and I would like, with your permission, since there are some figures which I want to be accurate with, I would like to read that into the record.

I am Ronald E. Walton, superintendent of schools of the Monroe County Community School Corp., in Bloomington, Ind. As a matter of clarification, please do not be misled by the term "corporation", as used in the name of our school district; under the law in Indiana, consolidated public school districts are corporations.

I appear here today to strongly oppose any reduction in the Federal subsidy of the national school lunch program, as proposed in the second concurrent resolution on the budget for fiscal year 1980. For my school district, a reduction in the current level of Federal support will not only require significant increases in the cost of school lunches for middle-income parents, but may well result in lower standards of nutrition for many students who will drop out of the school lunch program.

Indeed, it may raise the question: "Should the Monroe County Community Schools continue participation in the national school lunch program?"

In order to provide you with some background, please allow me to briefly describe my school district. The Monroe County Community School Corp. is located in the gently rolling hills of south central Indiana some 50 miles south of Indianapolis. We cover 360 square miles and have a kindergarten through 12th grade enrollment of 11,452 students for this particular school year. We have a professional staff of 682 and employ a total of 1,115 individuals.

Bloomington is the home of Indiana University, our community's largest employer. The area boasts the world's largest limestone quarries, and industries such as RCA, Westinghouse, General Electric, and Otis Elevator.

While our community is more suburban than urban in nature, some areas of poverty do exist. However, relating the socio-economic makeup of our students to the school lunch program, only 16 percent of the school lunches served during 1978–79 were free under Federal guidelines.

Only 3 percent were reduced price lunches, leaving 81 percent of the lunches in the paid category. In view of this percentage breakdown, our concern for the impact of the proposed reduction of Federal support for paid lunches should be readily understood.

In fact, evaluation of our participation this fall even shows an increase in the number of paid lunches. We believe this can be attributed to a Federal mandate to increase the free lunch income guidelines, thus reducing the number of students eligible for a free lunch. Our participation figures support this fact by showing an increase of paid lunches from 81 percent to 85 percent for the first 2 months of the school year.

With the number of paid lunches increasing, the proposed legislation would have its most severe impact on the Monroe County Community Schools and district which reflect similar income levels and economic structures.

Should the proposed cuts in the school lunch subsidy pass Congress, we would anticiapte a loss in revenue, a lower percentage of participation, and most certainly a decline in the nutrition level of meals for the public school students of our community.

Now, in order to calculate the anticipated loss of income, we have taken last year's paid participation total and multiplied it by either the 11-cent or 5-cent proposal.

Chairman PERKINS. Excuse me just a minute. Mr. Erdahl has been a great friend of you good people.

I am going to call on him to chair the hearing for a while and I will be back with him and other people will be here.

Mr. ERDAHL. Please proceed.

Dr. WALTON. During the period from September 1978, to June 1979, a total of 997,222 type A lunches were served on 167 schooldays. Of that total 808,247 were fully paid meals.

During the 1978–79 school year, the Monroe County Community Schools received $283,600 in Federal reimbursement for the school lunch program. If congressional action forced an 11-cent reduction in reimbursement for paid lunches, our school district would lose $88,907, a total reduction of some 31 percent.

A 5-cent reduction would result in a loss of $40,412, or 14 percent. From these figures, it should be fairly obvious that in districts such as ours, with a high percentage of paid lunches, the school lunch program will be dealt a severe blow with this loss of Federal revenue.

In addition to the problems created by the loss of reimbursement, we are equally concerned about the potential drop in participation. I have read that estimates of the drop have ranged from the Department of Agriculture's projection of 4.2 percent in paying student participation to other sources which say 5 to 25 percent. Our estimates would have to be based upon our experience the last time school lunch prices were raised in the Monroe County Community Schools.

In January 1979, we increased elementary lunches by 5 cents and middle school and high school lunches by 10 cents. The result of those increased prices was a 3-percent decline in participation in our elementary schools and a 4.6-percent decline at the middle and high school levels.

Any loss in participation will naturally reflect a lower income and fewer meals per hour of labor. Because unit costs will increase, the food service department of our school district will be left with no alternative but to eliminate jobs.

Underlying the proposal which is under consideration seems to be a feeling that the paying student can and will pick up the cost of a 5-cent or even an 11-cent increase. I believe this assumption needs to be reexamined. While some parents may pay the increase, it is my opinion that many will not.

It may be that we are not typical in this regard since we are a university-based community. However, in our community, brown bagging is not only popular, it is almost a way of life with many of our patrons. An increasing number of civic and social events taking place over the noon hour are advertised as "brown bag" affairs.

Couple this with the easy access that many of our students have to fast food outlets, and I feel strongly that the required increase in lunch prices to absorb the loss of Federal support will reduce participation in our school lunch program.

I am also concerned about the philosophy which seems to be expressed in this proposal of penalizing those who are the so-called paying customers. It is the paying student who in reality is providing financial stability to our school lunch program. Without the continued support of these students, I would be concerned that the national school lunch program would become welfare oriented.

There is another dimension in attempting to assess the impact of reducing the subsidy by 5 or 11 cents. On the surface it would appear that to make up the lost Federal support, school districts would only have to increase their lunch price by an equivalent 5 or 11 cents. However, this is not the case; the lunch price would have to be raised more than the actual reduction in the per lunch Federal subsidy.

If we presume that participation would remain at current levels, an 11-cent reduction in support would bring a required 11-cent increase in lunch prices. However, in our situation, we have already seen that when prices are raised, participation goes down. On the basis of projection, the September 1979 paid participation, with a 4.6 percent decrease, experienced in January 1979 when the school lunch price was raised 10 cents, this would mandate an increase of 12 cents, not 11 cents.

Although the impact of a 5-cent reduction in the Federal subsidy would not be so great, we feel that participation may drop more than the 4.6 percent.

Earlier, I mentioned that a decrease in participation would result in fewer meals per hour of labor. Let me elaborate on that briefly. Unit costs per meal would rise dramatically unless the number of food service workers were reduced. Here I should point out that in the Monroe County Community Schools food service labor costs have increased 27.6 percent since 1975-76. Because of this increase in labor costs, the food service labor force has been reduced by 11.5 percent during that period of time.

In relation to the number of meals we are serving, further reduction in force is not a viable option to offset increased labor costs or a loss of reimbursement. However, if school lunch participation fell as a result of increased prices, we would undoubtedly be forced to eliminate additional positions.

It is not illogical, in our school district, to also consider the distinct possibility of having to close cafeterias in some of our smaller schools if participation drops as a result of increased prices.

The alternative of a satellite operation has been tried in our schools and has been soundly rejected by parents and students alike. If school board funds were required to support such changes in food service operations, some other area of the curriculum, school programs or service to pupils would have to be cut. At the current level of Federal subsidy, our school lunch programs are basically self-supporting. We believe that this is the way it should be.

We must also consider the fact that reduced school lunch participation will result in fewer dollars being spent in our community and across this Nation by public schools for food products and supplies. I should point out that most of our major food purchases are made locally, providing a market for local farmers and merchants.

Last year our total food service budget was $1,110,365. Of that total, $573,736 was spent on food and $79,820 was spent on items such as paper products and cleaning supplies. We estimate that 80 percent of this amount was spent locally. A drop in participation and the corresponding loss of income would negatively impact on the local economy at a time when most economists are looking for ways to stimulate business, not oppress it.

There is something paradoxical about proposing a reduction in Federal support of the school lunch program when this Nation is striving to raise nutritional standards for its citizens. We have worked diligently in the Monroe County Community Schools to provide a type A lunch program that meets all the nutritional standards but that is still attractive to the tastes of our students. I believe that we have been fairly successful.

Over the past 4 years, the type A lunch participation in our school district has increased from 877,439 meals in 1975-76 to 997,220 during 1978-79. This increase of some 119,761 meals was achieved during a period of declining enrollment when 1,194 students were lost. This speaks well for the leadership of our food service program.

But the question remains: Will this trend continue if we lose large amounts of our Federal subsidy? I think not.

When coupled with inflation, the loss in Federal subsidy and a decline in participation will have a magnified effect upon school lunch programs. Serious limitations will be placed upon the buying power of school lunch supervisors, limiting their ability to purchase high quality and nutritious food products.

When the flexibility of school lunch supervisors becomes severely limited, their ability to develop and maintain programs which will attract student participation and community support will be diminished.

Although the Monroe County Community School Corp. has experienced a significant increase in participation in the type A lunch program, it is because we purchase products that are wholesome, nutritious, and of high enough quality to satisfy student tastes. We see our school lunch program as a reflection of this Nation's emphasis on health and nutrition, working within the Federal type A school lunch guidelines.

Our school district, like most others, is experiencing a substantial increase in the number of working mothers. The school lunch program represents to those mothers a convenient way of insuring that their children receive good, nutritious meals at schools. These same mothers, however, may or may not be able to include nearly 20-percent increases in school lunches, at the 11-cent level, in an already strained family budget. This will be of particular concern in families with three or four children in school.

In summary, I believe that the proposed loss in Federal subsidy to the type A school lunch program would result in: Lost revenue, due to a decrease in participation resulting from higher lunch prices; Lost food service jobs; Loss in community revenue for food products; and perhaps most important, a far less nutritious diet for many children in our public schools.

Members of the committee, I am most appreciative for having been afforded the opportunity to testify on this matter of extreme importance to the public schools of this country.

I respectfully request that you give careful consideration to the consequences of your action for all children in our schools before determining where cuts in programs for fiscal year 1980 should be made.

Thank you.

Mr. ERDAHL. Thank you very much for the specificity of your testimony, and also for the statistical projections that make sense to me.

I will ask the panel's indulgence now. The bells are ringing and the lights are lit up. We have a recorded vote on the floor.

I will go over and cast that vote and be back in a few minutes, and if one of my colleagues appears, he will start the hearing again, so we will take a brief recess.

[A brief recess was taken.]

Mr. ERDAHL. I will call the meeting back to order again.

Our next panelist, and I trust you will correct me if I mispronounce your name, is Herbert Liebich from the National Frozen Foods Association, Inc.

If you wish to read your testimony or wish to summarize it you may do so. As I think the panelists are aware, the full testimony and the comments of all of you will be in the record for the use of my colleagues and their staffs.

Please proceed, Mr. Liebich.

STATEMENT OF HERBERT LIEBICH, NATIONAL FROZEN FOOD ASSOCIATION, INC., ACCOMPANIED BY MICHAEL J. GIUFFRIDA, DIRECTOR, GOVERNMENT RELATIONS

Mr. Liebich. Thank you.

Mr. Chairman, and members of the subcommittee, I am Herb Liebich, of the Sysco Frosted Food Co. in Albany, N.Y. I am accompanied today by Mike Giuffrida. We are food service distributors who serve the schools in our area of New York State. I appear before you today on behalf of the National Frozen Food Association to offer our thoughts on the administration's proposed cuts in funding for section 4 of the National School Lunch Act.

The National Frozen Food Association is 1,340 companies from every State in the Nation. We are 330 wholesale distributors with over 900 separate distribution centers. We are 367 packer-processor companies and 420 food brokerage firms. We are also a smaller number of warehousemen and food service operators and a few retail chains.

We are the ones now providing the bulk of the food which is used in school lunch programs across the Nation. We provide a full range of products, including, but not limited to, frozen foods. We are there every day working with school food service directors to try and help them provide a nutritionally balanced meal to their customers—our children—at the lowest cost.

The national school lunch program is an important part of the business of the members of the National Frozen Food Association. It is a small but important part of my company's business. I want to emphasize NFFA's view that the proposed reductions in section 4 funding will probably not make a substantial impact on the amount of food we sell the schools.

It could affect the kind of food we sell. It will mean more a-la-carte sales in schools and fewer nutritionally balanced meals. It will mean more trips outside the school campus for lunch. It will mean increased costs for preparing nutritionally balanced meals meeting school lunch program requirements.

And it could also mean more students carrying their lunch from home. The bottom line is that the food industry will be affected by the administration's cuts if they succeed. But the effect won't be that much now. The trend such reductions could set in motion could well change this. That is part of why we are here today.

If the Congress approves the administration's proposals, the basic legislative intent of the Congress in setting up the national school lunch program in 1946 will be changed forever. For over 30 years, the national school lunch program has been one of the basic building blocks of a meaningful effort to teach nutrition and good eating habits to our school children.

This program was there long before nutrition education caught the public fancy. The program's objective in 1946, and today, is to safeguard the health and well being of the Nation's children.

The cash reimbursement which has been provided by the Federal Government for meals meeting stated nutritional or food group requirements is not an income subsidy for poor children's families, or middle income families, or even the rich. The cash reimbursement provided through section 4 of the National School Lunch Act is a way for the Government to help schools provide nutritionally balanced meals at moderate cost. The hope was and is that this minimum assistance would provide an incentive for these school children to eat a nutritionally balanced meal at school.

We now have the various dietary goals reports. We have Federal agencies all outdoing one another to be the leader in nutrition education—to spearhead a national nutrition policy. USDA is in the forefront of this chase. We find it difficult to understand how USDA can be so much for better nutrition and still make these budgetary recommendations to the Congress.

Everyone says, let's improve the nutrition of our children; let's teach them good eating habits. Yet, how is the administration going about this? By urging you to change the basic intent of the principal legislative building block now on the books to promote good nutrition: The national school lunch program. They are asking you to reduce the incentive to encourage children from middle income families to get a balanced noonday meal.

We believe, as did the Congress in setting up the national school lunch program, that eating nutritionally balanced meals is as important for the 15 million school children who pay full price for their lunch as it is for the 11 million who receive lunch either free or at a reduced price. There is not an income test in section 4 of the National School Lunch Act. We believe the Congress was quite deliberate and correct in its actions in not doing this in section 4.

The National Frozen Food Association believes that there are inefficiencies in how the school lunch program and other child nutrition programs are run, in particular, the commodity program. We hope to have the opportunity to detail to you at future hearings how we believe the Congress can maintain the purposes and quality of these programs and still reduce costs.

We are developing ways in which the price support and surplus removal objectives of the Congress can be preserved and enhanced, the benefits of these efforts passed through to our school children in the lunch program, and costs reduced for everyone.

We are concerned that our customers, the school food service directors have to spend more than half their working day filling out this-or-that Government form. More and more school food service directors find they must be consumed with the paperwork of the lunch program and have less and less time to concentrate on serving nutritious and appetizing meals to their customers.

USDA should leave the preparing of school lunches to school food service experts. The paperwork requirements should be cut back. Let the Federal Government give the schools some general guidelines and then stand back and let the school food service directors do their jobs. We believe the USDA has consistently proposed actions which seem designed to encourage school boards to drop out of the lunch program. Their actions drive up costs across the board.

The National Frozen Food Association and its over 1,300 member companies are proud to be a part of meeting the objective of safeguarding the health and well-being of our Nation's school children. We think it is good national policy, and, yes, it is good business, too. We urge the subcommittee to preserve this objective by recommending rejection of the proposed section 4 cuts.

I thank you for this opportunity.

Mr. **Erdahl**. Thank you very much, Mr. Liebich, for that excellent presentation and testimony.

An additional person has been added to the list since it was presented, and that is Mrs. Cheryl Helene Esposito, a parent from the Wilmington, Del., area. She is speaking for the National PTA.

Mrs. Esposito?

STATEMENT OF CHERYL ESPOSITO, PARENT, WILMINGTON, DEL.

Mrs. **Esposito**. Mr. Chairman, and members of the committee. I am Cheryl Esposito. My home is in Wilmington, Del. I am testifying today as a parent of four school-age children, as a working mother, and as a concerned citizen whose buying power is rapidly losing ground to inflation.

I appreciate the opportunity to appear before this subcommittee to express how my family will be affected by the budget proposal to cut funding for the school lunch program. The proposed 5-cent reduction in Federal reimbursement for the paying child will mean a real hardship for my family. Many consider a 5-cent increase affordable and don't understand or appreciate how a nickel can make a big difference; however, a 5-cent increase is critical for me and my family.

Both my husband and I work, and our combined annual income is less than $20,000. Our income is less than the mean income for a family of six, and it barely exceeds the estimate of what is required to purchase necessities for six people. Also, our income does not permit our children to qualify for reduced-price meals.

Almost our entire earnings is spent on necessities, and with prices increasing faster than our earning power, we face the real possibility of having to trade off one essential against another. There is no margin in our budget, and therefore every nickel counts.

I am very disturbed by the uncertainty of what will happen should the budget cut be approved. Where will the budget cuts stop? Who will bear the greatest burden? And who will be affected most? I have a sense that the budget cuts will not stop with the Federal nickel. Without the 5-cent Federal reimbursement, State subsidies will drop and overall participation in the school lunch programs will decrease.

Local school districts operate lunch programs on thin budgets, and if participation decreases, the cost may increase to the point where the programs are no longer cost-efficient. If school districts are not able to absorb increased costs of lunch programs, I fear they will be discontinued.

Further, those who ask us to sacrifice 5 cents this year provide no guarantee that they will not ask for additional reductions in 1981 and 1982. Why should those of us who are struggling to pay our own way have to bear the greatest burden? And why should our children be denied equal participation in Government-sponsored programs? Isn't the health and nutrition of all children of equal value?

Even more important than the effect of increased cost on family budgets is how the sociology of the school lunchroom is affected. If this budget cut is approved, there is a strong possibility that lunchrooms will become segregated environments. Participation in the school lunch program will become a badge of poverty for many children.

My husband and I firmly believe it is our responsibility to pay our way and to provide as best we can for our children. Without adequate Federal reimbursement we will have to withdraw our children from the program in order to provide each of them with the best possible lunch within our means.

I think many other parents will face this same dilemma, and after the paying children leave the program, what is left is a program of free meals for only a few students. This will place a stigma on needy children and defeats the purpose of the nutrition program.

While I am a mother, not a scientist, I do believe that nutritious meals make a difference in how my children learn and behave. I also believe that the meals served at school have greater nutritional value than those brought from home in brown bags. I can attest that on the few days my children carry their lunch, they claim to be hungry well before dinner, suggesting that the bag lunch contained more empty calories than the usual hot lunch served at school.

If the budget cuts are approved, my children will not go without lunch, but they will probably eat more sandwiches carried from home than hot lunches served in the school cafeteria. The end result is an unavoidable reduction in the nutritional value of my children's lunch.

In closing, I want to point out that what is at stake here is not just a nickel; it is the entire school lunch program. The proposed reduction represents more than an effort to balance the Federal budget; it is a fundamental shift in the Federal Government's commitment to the nonpoor.

The Government can no longer expect the public to cooperate and commit itself to support public policies when the Government is unwilling to continue its commitment to all of our Nation's youth. It is ironic that as we celebrate the International Year of the Child, we are considering a budget reduction which will compromise our children's nutrition to save what amounts to a handful of pennies.

I applaud this committee's long-standing effort to develop and support an adequate school lunch program for all our children. I am pleased that members of this committee, on both sides of the aisle, oppose the cuts in the school lunch program.

I do not feel the proposed cuts are justified, and when I leave here today, I plan to: (1) Personally share my views with Representative Evans and Senators Roth and Biden; and (2) to commit myself to improve the school lunch program so that there never will be justification to cut this much needed program.

Thank you.

Mr. **Erdahl**. Thank you very much, Mrs. Esposito, for that excellent and personal testimony. Just a couple comments and some questions, and then I think probably the staff on the majority side has a comment and some questions as well.

I could relate especially to Mrs. Esposito because we have six children. I guess the last thing a teenage son or a younger daughter wants is to be different. You pointed out that if we have this segregated type of lunchroom facility, where there are paying and nonpaying students, there is tremendous peer pressure. I think that is something we on this committee and this Congress need to be aware of—that we are dealing with human personalities—and I hope we don't forget that.

Another point you made is how the nickels add up to be a lot of money sometimes. I don't know if the members of this panel heard yesterday in the earlier hearing, Ms. Foreman, from the Department of Agriculture. She testified she didn't think the nickel would make much of a difference, and there wouldn't be a reduction; but she makes over $50,000 a year, so I think it does make a difference what perspective we are coming from.

As I listened to the testimony this morning, a couple things stood out. One is that we heard about some new perceptions and innovative ways to approach this from the gentleman from the frozen food industry, and others who testified, but even more significantly, perhaps, I think the things that we have heard here over several days of hearings were reinforced. If we cut back on the paying school lunches, it is likely we are going to cut back on the opportunity that people have to get free or reduced price lunches. Secondly, we need to stress the nutrition that our children get, not only to build strong bodies, but to provide for stronger minds, more attentiveness, and fewer discipline problems. We heard some of these things yesterday.

If I could ask a couple questions, one directed to Mr. Liebich. You mentioned, and I think we are all in accord, that we certainly should be trying to move toward budgetary cuts where we can. My concern, and I guess shared by the panel, is we should pick our priorities a little better.

You mentioned in the area that we could remove some of the ineffectiveness in the commodity program, and you said you would probably present that later. Could you, in a brief time, summarize areas where you think this Congress could make significant cuts in the commodity program without damaging the nutritional meals that the children receive?

Mr. **Liebich**. I would like to ask Mike Giuffrida to help answer that question.

Mr. **Erdahl**. Would you identify yourself for the record, please?

Mr. **Giuffrida**. My name is Michael Giuffrida, director of government relations for the National Frozen Food Association.

Our association has, for a number of years, and in prior testimony before this subcommittee, indicated that we felt there were inefficiencies in the commodity program in terms of what was bought, why it was bought, how it was distributed, how it was processed, and ultimately used in the school programs.

We have at the present time two consultant reports being completed. One of those reports is being done by Kansas State University, and seeks to look at the pilot projects which this committee approved in Public Law 95-166, to test cash in lieu of commodities as an option for the school lunch program. That report will be provided to the subcommittee as soon as it is completed, and we expect that will show some rather remarkable savings which may be possible for the lunch program through this effort.

As you recall, USDA is also doing a report which was due to you on May 1, which, to my knowledge has not been received by the committee yet.

The second report that we hope to provide you with, looks at alternatives to the commodity program which would preserve the price support and surplus removal activities of the Government, but make them more efficient, and hopefully safe in the neighborhood of about $150 million a year.

We are not prepared this morning to go into those in a great deal of detail, but have had discussions with the majority and minority staff and hope to do so in a future hearing.

Mr. **Erdahl.** Thank you. I was reminded that we will be having hearings on that in the future, because it is very significant we get that information. This committee doesn't necessarily want to posture itself and say just because we come up with some proposed cuts in what I think the consensus on this committee would maintain are pretty good programs doesn't mean we are not willing to look at other areas where responsible reasonable cuts in Government expenditures can be made.

We talked about the decrease in the participation because of the proposed cut and several of you mentioned this. I will toss it to the panel, to the National School Boards Association, Ms. Tufts, or other people on the panel, how do you see the impact of this kind, in your words, apart from the statement, as affecting either students or local school districts? I think somebody mentioned, and I don't recall which one of you it was, that if you cut back on this, the kind of snowballing effect this cut would have on those that can't pay, the people would go to the a la carte line, or off the school campus. How is this going to affect individuals and perhaps even school districts making the decision to eliminate the program altogether?

Does anyone wish to comment?

Dr. **Walton.** As I stated in my prepared statement, Mr. Chairman, I think there is a definite relationship between the proposed reduction and the participation factor. As the costs per unit or per meal goes up, and we know what is happening as far as inflation is concerned, and the purchasing power, and so on, this means you not only face perhaps the loss of the Federal subsidy, but increased labor cost and the whole thing.

So it gets to the point where students do have to make a choice: should I go over to McDonalds and get the hamburger and french fries, which is within a stone's throw of the building, or stay there and perhaps pay as much or more for the school lunch program?

Our experience when we raised the prices of lunches, as I noted, just this past school year, was that there was a definite drop in participation. It is documented, and we have it in the statement.

So I don't think there is any question but what if that drop is larger than what we would even project at this point in time in some of our schools, particularly our smaller schools, we will be faced with a very serious question as to whether we can afford the operating cost of operating that particular cafeteria for that number of children. In many of our schools we simply don't have large percentages of free and reduced price lunches; that is not the nature of our district.

Mr. **Erdahl.** Ms. Tufts?

Ms. **Tufts.** I think I would like to add that I think the evidence shows that children will drop out, and that will make the cost of the free lunches go up, and I would like to add that school districts have already set their budgets, have already established the price for the meals according to that, and that this will cause a real hardship in the middle of the year because the extra money will either have to come from the parents or from the school districts.

Mr. **Erdahl.** Thank you very much. I underscored your comments in your printed testimony because, as I said, we have had several days of testimony, but I think you made the best and most understandable reference to the concept of what damage we do to budgets that have already been established and projected.

Do you have comments or questions on behalf of Chairman Perkins?

Mr. **Jennings.** Thank you, Mr. Erdahl.

Mr. Perkins wanted to apologize for having to leave. He is tied up in the coal caucus in the Cannon Building, but he did read all the statements ahead of time and wants you to know he thinks your presentations were excellent. It is especially noteworthy that they were so broad in scope, from Mrs. Esposito, as a parent, to administrators, to school boards and to businessmen.

He wanted you to know that during the last several days we have had excellent testimony and all the testimony, except for Mr. Panetta, is opposed to these cutbacks, but he wanted everybody to know publicly that he is sending letters to OMB and the Department of Agriculture, telling them if they have any witnesses who would like to be heard in favor of these cutbacks, he would be glad to schedule them, and if anybody is here from Agriculture or OMB, if they could take that message back. We have no request in the files of anybody who would like to testify in favor of the cutbacks, but if there is anybody who would like to, Mr. Perkins would be glad to schedule him or her.

Thank you.

Mr. **Erdahl.** Thank you, Jack. Jack Jennings, who just made that comment, is the majority counsel and a very valued member of the staff of this Congress.

I would ask, before we adjourn the meeting, does anyone have comments or questions that you would like to pose to me, or to my aides here?

If not, I want to echo what Mr. Perkins said. This has been an excellent panel, because it has covered a wide gamut of experience from those who are providing the food, to those who are charged with administering the program and supervising the schools, and, of course, the most important of all, next to the student, a parent. We have had some excellent testimony, and it will all be inserted in the record for the benefit of the members of the committee and our staff.

Thank you very much.

The meeting stands adjourned.

[Whereupon, at 10:56 a.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

STATEMENT OF NATIONAL COMMITTEE FOR CHILD NUTRITION

The National Committee for Child Nutrition is deeply concerned about the proposed decrease in spending for the National School Lunch Program. We believe a reduction in present expenditures would be an unwise move on the part of Congress and the Federal Government.

Since its creation, the National School Lunch Program has been the cornerstone of the government's commitment to child nutrition. This program of providing balanced, nutritious meals to the nation's school children—particularly those who are poor—is perhaps the greatest single factor contributing to good nutrition in the United States. A generation of increasingly healthy Americans—products of good nutrition learned in the school lunchroom—is testimony to the success of the National School Lunch Program.

Today—and in the coming weeks and months—Congress faces a choice: to continue a proven program of benefit to hundreds of thousands of the nation's school children—or—to reduce the long-standing commitment to this vital program.

This proposal could not come at a more inopportune time.

As the people of this nation face runaway inflation, rampant at the rate of thirteen percent, an additional burden of increased costs for school lunches would be placed on the parents and the most intolerable burden would fall on those who have lower incomes.

We who are involved in providing meals to thousands of school children share the concern of those in Congress who wish to spend the federal dollar more wisely. We who in our own efforts to serve wholesome meals daily welcome any move that would eliminate needless expense in administering the National School Lunch Program. In an undertaking so vast, we are confident there are many means to make better use of the funds.

However, we are concerned that in its zeal to trim dollars from the federal budget, some Members of Congress may undermine a program that has contributed much to this nation. We so not believe a wholesale reduction in spending is the answer. It would indeed be unwise to jeopardize a program that benefits so many of the nation's school children.

We, therefore, pledge our support to Congress in an effort to take a careful look at the National School Lunch Program. We welcome a thorough study of ways to better serve the nation's school children. We of the National Committee for Child Nutrition stand ready to offer our assistance in any undertaking that would improve the National School Lunch Program.

OVERSIGHT HEARINGS ON THE CHILD NUTRITION PROGRAMS

Expansion of the School Breakfast Program

WEDNESDAY, NOVEMBER 7, 1979

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ELEMENTARY, SECONDARY,
AND VOCATIONAL EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:35 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Kildee, and Erdahl.

Staff present: Richard DeEugenio, minority legislative associate.

Chairman PERKINS. The committee may come to order. For the next 2 days, the Subcommittee on Elementary, Secondary, and Vocational Education will be conducting oversight hearings on the school breakfast program. Today and tomorrow we will be looking at what efforts have been made to expand the program and what barriers still exist limiting the program's availability.

The fact that breakfast has a tremendous effect on a child's mental and physical development is not news to any of us. And we have all read or heard data extolling the positive impact of a nutritious breakfast on a child's academic achievements.

However, studies indicate that one-fourth of the Nation's children are arriving at school either hungry or having eaten a breakfast of empty calories. With two-thirds of the Nation's mothers working, the need for an expansion of the breakfast program is critical, in my view.

It is needed much more so today than it was even 10 or 15 years ago.

It seems however that we have a long way to go. I was saddened when I learned that of the 27.4 million children eating school lunches last year, only 3 million were also eating school breakfasts. And of the 94,500 schools that have lunch programs only 38,000 also have breakfast programs. It baffles me that glaring inconsistencies still exist between the lunch and breakfast programs despite 13 years of outreach efforts on the part of Congress and breakfast advocates across the country. Even the Administration, which is doggedly trying to cut back the lunch program, and other child nutrition programs, is putting its best foot forward for breakfast expansion.

Just last year, Congress passed legislation with built in incentives to encourage schools to implement a breakfast program. One amendment provides that schools with either a State law requiring the serving of breakfast or with a high percentage of needy children may receive an increased reimbursement to cover the costs of serving breakfast in large numbers of poverty children.

Another amendment allows schools with both breakfast and lunch programs to combine the accounting for costs incurred in these programs. In addition, schools that are planning to implement a breakfast program are given first priority when applying for equipment funds.

There may be more that we can all do to promote the breakfast program. During the next 2 days, we will be learning the problems and accomplishments of the program from the Department and individuals in the field.

Not every child is going to want a school breakfast, however, we would surely like the choice to be theirs.

Our first witness this morning, a panel of witnesses, is Mr. Kevin Russell, coordinator, Maine child nutrition project and Ms. Kailah Ahuja, school breakfast coordinator, Project FEAD, Connecticut; Ms. Barbara Webb, food service director, Guilford Public Schools, Connecticut; and Ms. Laura Hess, director, Governor's Office of Nutrition, Michigan; Mr. John M. Young, elementary school principal, Baltimore, speaking on behalf of Robert Dubell, superintendent, Baltimore County Public School System.

We will first hear from you, Mr. Russell. Go ahead.

STATEMENTS OF KEVIN P. RUSSELL, COORDINATOR, MAINE CHILD NUTRITION PROJECT, INC.; KAILAH AHUJA, SCHOOL BREAKFAST COORDINATOR, PROJECT FEAD, CONNECTICUT; BARBARA WEBB, FOOD SERVICE DIRECTOR, GUILFORD PUBLIC SCHOOLS, CONNECTICUT; LAURA HESS, DIRECTOR, GOVERNOR'S OFFICE ON NUTRITION, MICHIGAN; JOHN M. YOUNG, ELEMENTARY SCHOOL PRINCIPAL, BALTIMORE COUNTY PUBLIC SCHOOL SYSTEM, SPEAKING FOR DR. ROBERT DUBELL, SUPERINTENDENT, BALTIMORE COUNTY PUBLIC SCHOOL SYSTEM

STATEMENT OF KEVIN P. RUSSELL, COORDINATOR, MAINE CHILD NUTRITION PROJECT

Mr. RUSSELL. Thank you very much, Mr. Chairman. First, I would like to thank this committee for inviting me here today to testify on the conditions of the school breakfast program.

My name is Kevin Russell. I represent the Maine child nutrition project, a private nonprofit organization which has been conducting a school breakfast outreach and advocacy project in the State of Maine since May 1978. We have attempted to draw the public's attention to the breakfast program and encourage the further expansion of the program in Maine. Today, in Maine only, 160 of the State's 825 schools offer the school breakfast program. That is a participation rate of less than 20 percent.

Additionally, only a quarter of Maine's 398 schools having 40 percent or more of their students eligible for free and reduced price meals participate in the breakfast program. At the current rate of program growth, we will be well into the next century before all of Maine's schools in severe need offer school breakfast to their children.

In a State that ranks 46th nationally, in per capita income, and where over 75 percent of the schools have over more than a quarter of their students eligible for free and reduced price meals why is, has the breakfast program not expanded? Why do school boards and school administrators remain opposed to implementation of the school breakfast program even when they will admit to the reality of hungry children in the classroom?

In working with parents, teachers, community groups, health professionals, and school officials, we have been able to identify many of the obstacles blocking increased utilization of the school breakfast program.

We have confronted these obstacles and at times have been able to remove them.

I would like to direct my comments to the three major obstacles which confront school breakfast expansion in Maine: The lack of public information, administrative barriers, and attitudes toward school breakfast. I would also like to offer suggestions for remedies to these obstacles particularly what can be done at the national level to ease program expansion at the local level.

The school breakfast program has been available since 1966 and yet there is a surprising lack of awareness on the part of the public that the program exists. Neither the local school districts nor the State's Division of School Nutrition has mounted any sort of public information effort to inform the public of the availability of school breakfast program. When we contacted school boards and superintendents across the State to determine why the breakfast program was not being offered, the response most frequently heard was, "there has been no public request or demand for the program."

It did not seem to matter that very few people in the community knew of the program. This lack of awareness is not limited to the general public. While the Division of School Nutrition maintains that they are limited in outreach activities to working only with school officials, the Maine Child Nutrition Project has found that many of these officials either uninformed or misinformed as to availability and specifics of school breakfast operation, particularly its reimbursements mechanisms for schools in severe need.

Another major obstacle to school breakfast expansion in Maine is that raised by school officials who contend there are too many administrative problems to warrant implementation of the breakfast program. They cite busing, class schedules, supervision problems, lack of facilities or equipment to serve breakfast, and the reluctance to use local educational dollars to make up the costs not covered by the reimbursement rates.

The problems of bus and class scheduling can usually be resolved with little or no disruption as can the detailing of supervision, if indeed supervision is necessary.

The real obstacle here comes down to cost, the fear of hidden costs draining off scarce educational dollars and directly related to this is the perceived need to purchase expensive food service equipment further draining local school budgets.

Disbelief is always the first reaction when we explain that other schools in the State are operating breakfast programs within the regular reimbursements rates. Each school official has assured us that their school or district is the exception, that they could not possibly provide a breakfast within the rates consistently throughout the year. When told of availability of additional reimbursements of schools in severe need many will take another look at the program, as did the Augusta school program last summer and they are now piloting the program.

The third major obstacle to school breakfast expansion, has been the attitude of many school officers, teachers and parents that breakfast should not be a school responsibility, that schools are being called upon to do too much. In the words of one school board member, "the line has to be drawn somewhere." For this, and other school board members in Maine, that line was drawn at school breakfast.

Trying to avoid public confrontations over this issue of school versus family responsibility we have chosen instead to try to take school officials to neighboring districts where the breakfast program is operating, actually showing these school decisionmakers the benefits of the program and the ease of administration has done more to convince opponents of the need for and the value of the breakfast program.

Our experience over the past 1½ years has shown that there are actions which can and must be taken if school breakfast is to be fully utilized. First, the public must become aware of the school breakfast program. We recommend that the U.S. Department of Agriculture mount an intensive public information campaign directed not at school officials and State administrators but also at the general public.

Information campaigns of the past are not satisfactory. A new approach must be developed. The shotgun approach of sending public service announcements to all radio and television stations is not what we suggest. Rather, a targeted comprehensive informational effort including radio, television and the print media explaining clearly what the breakfast program is and most importantly, where a parent or other citizen can go to find out more about the program is essential.

There needs to be a localization of the publicity. Announcements should provide space to identify local sources of information and assistance.

Second, States must be held accountable for implementing their school breakfast outreach efforts and those efforts must be realistic. A letter to the school superintendent once a year and a short article in the food service director's newsletter is not realistic, but this is the outreach campaign which the Maine Division of School Nutrition defines each year in its State plan of operation. The plan has not changed over the past 3 years nor has it succeeded.

States must be encouraged to mount aggressive outreach campaigns, to include a minimum: School breakfast workshops for school officials, teachers and the public to explain the specifics of school breakfast. A full time school breakfast consultant to work in target district and with food service directors assisting with start-up and operational problems; appearances before community groups, PTA's, title I advisory committees, and other organizations with interest in school breakfast.

Third, we encourage the U.S. Department of Agriculture to develop a detailed guidance handbook on implementation and operation of the school breakfast program. This guidance should contain all information necessary to start a breakfast program, meal requirements and sample menus, what costs are reimbursable and which are not, examples of how other schools have solved busing and class scheduling problems, what equipment assistance funds are available, promotional campaigns to help insure good participation when the program starts.

There has to be a clear discussion of the criteria necessary for a school to receive severe need reimbursement rates. I cannot stress this point enough. More information must be available to schools about the availability of severe need rates, both before they start the program and while it is operating. This will often make the difference between starting a breakfast program or dropping one.

Fourth, more food service equipment assistance funds need to be an appropriated and set aside for schools wanting to start the breakfast program. The competition is fierce for limited equipment funds now available and the schools know this. As we have talked with food service directors and superintendents, they have repeatedly stated that while they know of the assistance funds available, they also realize that there are only limited funds available and, therefore, cannot count on the availability of sufficient funds to cover the necessary equipment costs.

And fifth, I strongly encourage the Congress to act immediately to require implementation of the school breakfast program in all schools where there are significant numbers of children eligible to participate at the free and reduced price meal rate.

Even with the implementation of an intensive public information campaign, and action on the other recommendations which I have suggested today, implementation of the breakfast program although likely to increase, could not match that of the requirement which I ask you to consider.

The school children of Maine and indeed the rest of the country, should not be made to wait until the next century to gain access to the school breakfast program when it is available today. Again I would like to thank this committee for inviting me to this hearing, and for listening to my comments and suggestions.

[Material submitted for the record follows:]

THE

SCHOOL BREAKFAST PROGRAM

IN MAINE

A REPORT AND RECOMMENDATIONS

Maine Child Nutrition Project
The Farrell Building
283 Water Street
Augusta, Maine 04330
207-623-8491

AUGUST 1979

INTRODUCTION

Even the best teaching methods and the most advanced educational aids are often wasted if a child is hungry and therefore unable to learn. Studies have shown that the School Breakfast Program provides the hungry child with the tools necessary for learning. Teachers, school nurses, and school administrators alike report fewer student complaints of headaches and upset stomaches, improved levels of concentration in the classroom, and fewer behavior problems when breakfast is available at school.

Since May 1978, the Maine Child Nutrition Project (MCNP) has worked on a statewide School Breakfast expansion project. Through community organizing and promotion, MCNP has attempted to demonstrate the benefits of the School Breakfast Program to both the general public and school officials.

In Maine today fewer than 20% of the public schools offer the School Breakfast Program to their students. In these 160 schools that do offer the Breakfast Program (see Appendix A), over 75% of the students participating do so at either the free or reduced-price rate; that is, the overwhelming majority of students who take part in the program come from low-income families. And while a majority of Maine's schools have significant numbers of students eligible to participate at the free or reduced-price rate, school boards and school administrators remain strongly opposed to the Breakfast Program.

What accounts for Maine's exceptionally low participation rate in the School Breakfast Program? Why is there opposition to the Breakfast Program? What can be done to bring a greater share of federal School Breakfast reimbursement dollars into the state, and at the same time improve the nutritional status of Maine school children? These are the major questions to be addressed in this report on the School Breakfast Program in Maine.

THE SCHOOL BREAKFAST PROGRAM

What is it? The U.S. Congress established the School Breakfast Program in 1966 as a pilot project to safeguard the health and well-being of the nation's schoolchildren and to encourage consumption of surplus agricultural goods. The program was made permanent in 1975.

Who operates it? The School Breakfast Program is administered on the federal level by the U.S. Department of Agriculture. USDA establishes the program regulations and distributes program funds to the states. In Maine, these funds are channeled through the Department of Education and Cultural Services in Augusta to local school districts.

How does it work? The School Breakfast Program helps finance the cost of breakfasts served to school-aged children. The meal consists of three components: 1) milk; 2) fruit, or vegetable, or fruit juice; and 3) bread or cereal.

What funds are available? The program reimburses schools for each meal served. To keep pace with increases in the costs of preparing and serving food, rates are adjusted every six months based on changes in the Consumer Price Index. An additional 3¢ of surplus commodity foods is available from USDA for each breakfast served.

Congress has made available additional "especially needy" payments for breakfasts, to schools in severe need, where the regular rate is insufficient to carry out an effective program. In Maine, schools have been eligible for especially needy rates if: 1) over 50% of their enrollment was eligible for free and reduced-price meals, 2) there existed unusually high costs despite good management in the program, and 3) other factors such as large layoffs or natural disasters created an extra need in a particular community.*

Additional funds to purchase food service equipment are available to schools through USDA's Food Service Equipment Assistance Program.

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* Under newly published USDA regulations, needy breakfast schools--renamed "schools in severe need"--will include, as a minimum, those schools in which 40% of lunches are served free or at a reduced-price rate.

Who is eligible? All public and non-profit private schools and licensed public and non-profit private residential child care institutions are eligible for the program. All children are eligible to participate in the School Breakfast Program, but need not participate every day. Children whose families qualify under USDA income guidelines are eligible for free or reduced-price meals. Any child currently receiving free or reduced-price lunches is automatically eligible for free or reduced-price breakfasts.

Why the Breakfast Program? Most people are aware of the importance of a good breakfast, especially for schoolchildren, yet many Maine children arrive at school having had no breakfast or an inadequate one. Not eating breakfast can contribute to decreased efficiency in the late morning hours, poorer attitudes in school work, and lower scholastic achievement.

The reasons schoolchildren do not eat breakfast are many and varied. Some children come from single parent homes in which the parent must leave the house early for work, and is thus unable to prepare a morning meal for the children. With the very high cost of living in Maine, more and more families find that both parents must work, leaving the children on their own to get breakfast and go off to school. Too, many families are simply unable to afford a well-balanced breakfast each and every morning. Moreover, upon awakening in the morning, some children are not hungry, but by the time they reach school they are. Long bus rides, common in Maine, also contribute to hungry children in the classroom.

SUMMARY OF WORK

The Maine Child Nutrition Project chose to work in those school districts in the state with significant percentages of children eligible for free and reduced-price meals. Data was obtained through the School Nutrition Division of the Maine Department of Education and Cultural Services to find out the number of students in each of Maine's 825 public schools who were eligible for free and reduced-price meals under the National School Lunch and Breakfast Programs.

MCNP found that 53% of Maine's schools have 40% or more of their enrolled students eligible for free and reduced-price breakfasts.* Of these schools MCNP targeted 10 districts in which to conduct School Breakfast organizing efforts: Portland, Augusta, Machias, Farmington, Lewiston/Auburn, Bethel, Pittsfield, Presque Isle, the Rockland area, and Westbrook.

After the school districts were chosen, MCNP spoke with the school administration and members of the school boards to determine their receptiveness to the School Breakfast Program. Major arguments against the implementation of the program from school boards centered on (1) the question of family responsibility versus the school's responsibility and (2) the undesirability of implementing another federal program in the schools while local taxpayers voiced concerns about increasing taxes at all levels. Opposition from administrators reflected the mood of the school boards; they cited administrative problems involved with the program--bus schedules, funds, supervision, and facilities.

MCNP did locate, in each of these communities, local citizen support for the Breakfast Program. The strength of this support varied with the community. The Community Action Agencies in Maine were among the first to demonstrate support for School Breakfast by actively assisting MCNP in local organizing efforts. Many other groups were also recruited to support School Breakfast expansion: Head Start programs, WIC Program nutritionists, Boys Club, YMCA, low-income advocates, hospital dieticians, parents, and others. (See Appendix C).

In each community MCNP formed local School Breakfast committees. With broad-based support, these committees worked to extend the School Breakfast Program to the schools in their own communities. Each committee, with the assistance of MCNP, adopted a strategy to encourage School Breakfast implementation. While not all of the strategies have been successful, some have proven worthwhile.

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* See Appendix B

- In Augusta, the Breakfast Program will be piloted in the fall at the Gilbert elementary school.
- In Limestone, the Breakfast Program is being piloted during the summer sessions with a decision to be made soon on full implementation.

During the course of the year, MCNP released Public Service Announcements which were widely aired on radio stations throughout the state. Feature articles appeared in the *Kennebec Journal*, the *Portland Press Herald*, the *Maine Teacher* and other publications regarding local school breakfast activities. The MCNP release of its economic impact report on School Breakfast, "School Breakfast and the Maine Economy", received widespread newspaper attention in the state and prompted radio interviews and television coverage.

MCNP also developed and distributed an organizing guide for School Breakfast expansion efforts for use at the local level. Over 750 School Breakfast Action Kits have been distributed to local School Breakfast committees and others interested in the program. Recognizing the need for a brochure, MCNP produced 4500 copies of "School Breakfast ... Good Food for Thought" and distributed them throughout the state. MCNP also distributed over 1500 School Breakfast brochures printed by the State School Nutrition Division.

MCNP screened "School Starts with Breakfast", a film produced by the National Child Nutrition Project, at many local meetings. It is estimated that over 600 people viewed this film at MCNP training sessions and at nutrition and health fairs. Also, several organizations asked to borrow the film.

An up-to-date progress report for each target district is shown in Appendix D.

OBSTACLES

During the course of its work MCNP has found that the major obstacles blocking further expansion of the School Breakfast Program are: 1) attitudes pertaining to whose responsibility providing breakfast is, 2) a lack of public information about the Breakfast Program, and 3) administrative problems such as finances, busing schedules, teacher contracts, facilities, and cafeteria personnel resistance. A closer look at each of these areas follows.

Attitudes

MCNP encountered many arguments in opposition to the School Breakfast Program. None, though, is as ever-present as that of whose responsibility it is to see that a child is well-nourished before starting the school day.

Many school administrators and school board members consider it the responsibility of the family to provide breakfast to their children; that the school is there for education, not for feeding program operations.* School officials often overlook the fact that the family has changed: many children come from single parent families, or both parents must work.

MCNP believes many families are willing but unable financially to provide a good breakfast for their children each and every morning. The School Breakfast Program thus provides these families with an alternative. By offering breakfast, schools are directly addressing the problem, not shirking the issue by blaming the family for irresponsibility. No matter what position one takes in the question of responsibility, children in Maine are going to school hungry. The School Breakfast Program provides adequate nutrition for a child to perform in the educational setting.

Another major argument in opposition to the Breakfast Program has been that "its another federal program wasting our tax dollars". MCNP has countered by detailing the benefits of the Breakfast Program to children and communities.

* One school board member stated that she knows children come to school hungry each morning, but she could not vote for the Breakfast Program because the family must become more responsible..."the line has to be drawn somewhere."

With the release of "School Breakfast and the Maine Economy", MCNP demonstrated that the Breakfast Program is good not only for the students participating in the Program, but also for the local economy. Implementation of the Breakfast Program creates more jobs and business activity in the community. It also brings Maine tax dollars back to Maine in the form of a program whose benefits can result in improvements in the educational environment, and thereby improve returns on the educational dollar.

Information

As MCNP began its School Breakfast expansion efforts, one obstacle became very clear--very little information was reaching the general public about the School Breakfast Program, nor was adequate information reaching school boards and administrators.

MCNP produced a great amount of information about School Breakfast and distributed this to as wide a cross-section of Mainers as was possible. MCNP staff worked with many school officials who knew very little about the School Breakfast Program prior to MCNP's visit. If informed decisions are to be made about School Breakfast implementation, then more information must reach the decision-makers.

The Division of School Nutrition has restricted breakfast outreach to those schools requesting information. Little is done to promote the program throughout the entire state. While the annual Plan of Operation for School Nutrition Programs proclaims a commitment to broaden outreach and expand the program, little is actually done by the Division.

There is not only a lack of information creating this problem. There are widespread misconceptions about the Breakfast Program as well. School boards and administrators are still uncertain about many aspects of the program, such as the use of especially needy funds now available to schools designated as "schools in severe need", reporting procedures, and equipment assistance funds.

Much of this lack of understanding could be solved by an aggressive policy undertaken by the State School Nutrition Division to promote the School Breakfast Program and to provide training for those considering implementing the Program.

Administrative Obstacles

Administrative problems are always raised when one suggests the Breakfast Program to school administrators. However, as was demonstrated by MCNP in Augusta, many of these administrative problems can be overcome.

Bus schedule changes, teacher resistance, lack of funding, inadequate facilities, and other arguments, have been cited by school administrators and others opposed to the Breakfast Program. MCNP has shown that these problems can be solved when those involved in the decision-making can see the overall benefits of the School Breakfast Program.

Bus schedules: Because of its rural setting, Maine buses a great number of students each day. Almost all of the schools presently operating Breakfast Programs have had minimal disruptions to their schedules as a result of Breakfast implementation. They have adjusted only the last one or two buses arriving at the school so that they now arrive 10 to 15 minutes before classes start. This schedule allows enough time for all students who want to participate in the program to do so. It only takes five to 10 minutes to eat breakfast at school. It is therefore not necessary to alter the entire bus schedule or disrupt classes.

Finances: Many school administrators and school board members members express disbelief when they find out that the Breakfast Program will not cost the local school district additional funds to operate. If the regular reimbursement rates are not sufficient to cover the entire costs of providing the breakfast, then the school may apply as a "school in severe need" to receive higher rates. All Maine schools currently operating the Breakfast Program are doing so at the regular rate of reimbursement.

Supervision: Many teachers react unfavorably toward the Breakfast Program because they feel it is one more non-teaching activity they will have to supervise. In fact, teacher supervision of the Breakfast Program in Maine is the exception rather than the rule. Some schools use teacher aides or cafeteria personnel to handle the supervisory tasks, since reimbursement funds can cover these costs. Other schools find that no official supervision is necessary during the breakfast period.

Lack of Facilities or Equipment: Many schools do not even begin to consider the Breakfast Program because they do not have kitchen facilities or eating areas for breakfast preparation and service. The meal served under the School Breakfast Program is so simple that it does not require an elaborate kitchen; a breakfast which consists of a pre-packed bowl of cereal, juice, and milk needs only a cooler. Moreover, students can eat in classrooms, libraries, multi-purpose rooms, and other areas within the school.

Many Maine schools without kitchens are serving School Breakfast. However, most Maine schools already have facilities from which they provide School Lunch programs. These facilities are more than adequate for School Breakfast. In case a school does require some sort of equipment, it can receive funds from the Food Service Equipment Assistance Program to pay for up to 75% of the cost and installation. And if designated a "school in severe need", a school will be reimbursed for 100% of equipment costs.

THE STATE'S ROLE

The School Breakfast Program is administered by the Division of School Nutrition of the Maine Department of Education and Cultural Services, which is responsible for all public schools and public residential child care institutions. The Division of School Nutrition prepares the USDA-mandated annual State Plan of Operation, which describes how it will administer the Breakfast Program and discusses planned expansion efforts.

For the past three years, the School Breakfast expansion goals of the School Nutrition Division have not been met. Nor has the Division changed its tactics on School Breakfast outreach. Each year the Division has proposed to expand the Breakfast Program to an additional 46-50 schools by sending letters to school superintendents and following up some of those letters with phone calls. Nowhere do the plans call for broad release of information to the general public, informing them of the benefits of School Breakfast and describing what they can do to help implement the program in their schools.

Little information was provided to schools about the availability of especially needy rates of reimbursement. The Division needs to include this information in its letters to schools and insure speedy action on requests for the additional funds. This is not happening now. MCNP has found school administrators generally unaware of especially needy rates, and therefore urges that the new special rate category ("schools in severe need") be publicized widely.

While the Division of School Nutrition is understaffed at the present time, mere expansion of the staff will not cure the problems which stand in the way of School Breakfast expansion. The Division must begin to take an active role in promoting the School Breakfast Program. MCNP asks for forceful and intelligent leadership; nothing less will do.

RECOMMENDATIONS

If the School Breakfast Program is to better serve Maine schoolchildren, we recommend:

1. THAT THE DIVISION OF SCHOOL NUTRITION OF THE MAINE STATE DEPARTMENT OF EDUCATION AND CULTURAL SERVICES HIRE, OR ASSIGN, ONE FULL-TIME PERSON TO SERVE AS A SCHOOL BREAKFAST CONSULTANT TO PROVIDE INFORMATION, TRAINING, AND TECHNICAL ASSISTANCE TO SCHOOLS AND SCHOOL BOARDS THROUGHOUT MAINE.

MCNP believes a major problem in the Division of School Nutrition has been the lack of a coordinated approach to expansion of the School Breakfast Program. The Division office is presently understaffed, but it anticipates a staff increase. MCNP recommends that as additional staff is brought on, one person be designated as a School Breakfast consultant. This person would work exclusively on the School Breakfast Program, lending assistance to both schools currently offering the program and those targeted for expansion.

A School Breakfast consultant would make the flow of information and assistance coming from the School Nutrition office much more responsive to the needs and requests of school officials, parent groups, and other community-based organizations interested in seeing the Breakfast Program implemented in their communities.

Right now, inquiries about the Breakfast Program and outreach activities are conducted by staff members who happen to have the time to perform the functions on any given day. A full-time commitment by one staff member could help dispel many of the misconceptions about the Breakfast Program by providing accurate and consistent information. It would also simplify a school official's inquiry about the program.

As part of the consultant's work, informational meetings could be conducted in locations throughout the state attended by school board members, administrators, parents, teachers and interested citizens.

Another necessary task which should be undertaken is the development of a School Breakfast handbook for use by school officials. The handbook could present the components of the program, including the funding method; meal reimbursement; necessary bookkeeping procedures; availability of additional funds for "schools in severe need"; resources for assistance in implementing a Breakfast Program, such as other food service directors operating the program; and other pertinent, up-to-date information. Although the Division has this material available today, it is not in a usable format, nor is it directed to the school official who wants to learn more about School Breakfast or start a program.

2. THAT THE MAINE STATE BOARD OF EDUCATION ENDORSE THE SCHOOL BREAKFAST PROGRAM, AND INSTRUCT THE DEPARTMENT OF EDUCATION AND CULTURAL SERVICES TO TAKE STRONG AND DIRECT ACTION TO EXPAND THE PROGRAM, ESPECIALLY IN THE AREAS OF THE STATE WITH HIGH PERCENTAGES OF CHILDREN QUALIFYING FOR FREE AND REDUCED-PRICE MEALS.

In order for the School Breakfast Program to achieve widespread recognition as a beneficial program, it must have the support of the State Board of Education. The State Board of Education, by endorsing the program, would lend considerable help to the efforts of the School Nutrition Division to expand the program. Currently, it appears that there is little support at the state level for an expanded Breakfast Program. This lack of support hampers efforts by the Division to take strong, active steps to promote the program.

The State Board of Education should direct the Division of School Nutrition to focus its expansion efforts on those school districts where a high percentage of children come from low-income families. As mentioned earlier in this report, 53% of Maine's schools have at least 2/5 of their children eligible for free and reduced-price breakfasts. The neediest schools should be targeted in a logical, sequential manner.

There is great concern in Maine today that there be full utilization of our tax dollars. For the educational dollar to be fully effective, children must be prepared to fully participate in the learning process. By encouraging expansion of the School Breakfast Program the State Board of Education would be taking a positive step to combat the inattention and listlessness which impedes learning.

3. THAT THE MAINE STATE LEGISLATURE ADOPT LEGISLATION DIRECTED AT EXPANDING THE SCHOOL BREAKFAST PROGRAM.

During the past two legislative sessions, a bill to mandate the School Breakfast Program has been introduced. While members of the Joint Education Committee have praised the program and have recognized the importance of breakfast for schoolchildren, they have not wanted to "mandate" a program for the local school districts.

MCNP does not recommend that the Legislature mandate the Breakfast Program, but rather that it adopt legislation aimed at providing incentives and financial assurances to local school districts to encourage implementation of the program.

MCNP would encourage such legislation to include:

- the publication and wide distribution by the Division of School Nutrition of information on School Breakfast;
- the requirement that each school district hold a public hearing to inform the public as to the availability of School Breakfast and to seek opinions on possible implementation;
- the requirement that the Division of School Nutrition conduct training sessions and informational meetings aimed at school officials, teachers, parents, and other interested citizens to more fully explain the School Breakfast Program; and
- the allocation from state monies of a limited amount of funds to ensure that no local money will be needed to provide the Breakfast Program.

The later provision of the legislation is an assurance to local school administrators and board members that the Breakfast Program will be able to pay its own way. This added assurance could help calm the fears of administrators unsure of complete coverage of costs through federal reimbursements. To date, the Maine school districts operating the School Breakfast Program have not experienced problems in covering the costs of School Breakfast. However, for some schools, knowing that additional funds are available could help make the difference between Breakfast Program adoption or rejection.

4. THAT THE DIVISION OF SCHOOL NUTRITION ACTIVELY SEEK PUBLIC PARTICIPATION IN THE DEVELOPMENT OF THE ANNUAL STATE PLAN OF OPERATION FOR SCHOOL AND CHILD NUTRITION PROGRAMS.

A major problem in the Division's planning process is that it fails to seek public input. While USDA guidance has consistently encouraged public participation in the plan development process, the School Nutrition office historically has avoided involving the public, food and nutrition advocates, and the many other organizations interested in the child nutrition programs.

As stated in the State Plan of Operation for 1979, the Division has indicated its desire to work with other organizations and interests in the expansion of the School Breakfast Program. However, during the time the 1980 Plan was being developed, these organizations were not invited to share their knowledge or suggestions to improve state efforts towards expansion of the School Breakfast Program.

MCNP believes that the planning process must be opened to public participation and encourages the Division to actively seek public input in its future plan development, and to consult with School Breakfast and other nutrition advocates in implementing its 1980 Plan. A much more effective expansion program could be developed if the Division encouraged the participation of those who have had direct experience with the child nutrition programs. Mistakes made in the past need not recur in the future; much can be learned from both the successes and failures of past efforts to expand and improve child nutrition programs.

5. THAT THE DIVISION OF SCHOOL NUTRITION ADOPT A POLICY OF EXTENSIVE OUTREACH FOR SCHOOL BREAKFAST EXPANSION, INCLUDING WIDE DISTRIBUTION OF ESPECIALLY NEEDY REIMBURSEMENT RATE INFORMATION.

The Division of School Nutrition must adopt a vigorous policy of School Breakfast outreach. Greater acceptance of the School Breakfast Program will come only when people are aware of the program, when the misconceptions about the program are laid to rest, and when school officials are made aware of the simplicity of program administration and of the availability of adequate funds.

The addition of a full-time staff consultant to work on School Breakfast expansion would be a major step toward expanded acceptance of School Breakfast. However, there must be broad support for that effort by the Division. The Division should target Maine schools having over 25% of their students eligible for free and reduced-price meals for School Breakfast implementation. There are currently 636 such Maine schools.

Information should be widely distributed to these schools; on-site visits by the School Breakfast consultant should be made, training sessions for school administrators and school board members should be held on a regular basis; use of public service announcements and appearances before community organizations should be pursued to better inform the general public; and other innovative methods of program promotion should be developed by the Division. The greater the Division's commitment to expand and improve the School Breakfast Program, the faster its growth will be, and the sooner Maine schoolchildren will enjoy its benefits.

6. THAT THE MAINE TEACHERS ASSOCIATION AND THE MAINE SCHOOL FOOD SERVICE ASSOCIATION ENDORSE THE SCHOOL BREAKFAST PROGRAM.

Support from the Maine Teachers Association and the Maine School Food Service Association would provide a significant boost to the School Breakfast Program. Although neither organization has endorsed the program, MCNP believes it is certainly in the best interests of their members to do so.

Teachers from across the state have witnessed the improved classroom performance of students who have had a good breakfast. Also, in schools where the program is operating, MCNP has heard of no supervision problems or loss of class time due to the Breakfast Program. Since it enhances the learning environment and better equips students to participate in the learning process, the School Breakfast Program is worthy of support from all Maine teachers.

Food service personnel have a direct interest in improving and expanding the programs they operate. The addition of the Breakfast Program does not mean personnel must arrive at the schools at three o'clock or four o'clock in the morning to begin preparation of the breakfast, nor does it mean the lunch program will suffer because personnel are still cleaning up from breakfast. On the contrary, in many Maine schools cafeteria staff need only arrive half an hour to an hour before the first breakfast is served. The clean up for breakfast is minimal; it is a simple meal with practically no waste, as can be seen by a visit to any Maine school offering the program.

The School Breakfast Program will also provide additional work hours for food service personnel, meaning larger paychecks for workers. Some food service directors credit the Breakfast Program with allowing them to offer higher wages and increased benefits to their employees. This has helped them to hire qualified employees who will stay on the job, thereby ending the high turnover rate experienced by some districts.

Endorsement by both the Maine Teachers Association and the Maine School Food Service Association would help the Breakfast Program gain acceptance throughout the state, especially among the members of the professional associations.

7. THAT THE SCHOOL NUTRITION DIVISION OPEN A FIELD OFFICE IN NORTHERN MAINE.

The Division of School Nutrition, located in Augusta, is able to visit schools only once every three years. Part of this problem is due to the great distances one must travel in Maine to get from one town to another. These distances mean that much of the Division's budget is consumed by travel allowances.

To improve the cost effectiveness of the Division and to make it possible for more frequent site visits to Maine schools, MCNP recommends that a field office be located in northern Maine. The office could provide assistance and outreach functions for this area of the state much more easily and effectively than can currently be done from the Augusta office.

With the increasing costs of transportation, and the value of staff time, it makes sense to open another office so that staff can spend more time assisting schools with their food programs, rather than driving from Augusta to Caribou or Madawaska or Medway.

APPENDIX 'A'

Maine Schools Serving Breakfast in 1978-79

(Source: Maine Department of Education and Cultural Services)

#59 - Madison

Athens Elementary
Somerset Academy
Old Point Avenue
Weston Avenue
Madison Junior High
Starks Elementary

#54 - Skowhegan

Canaan Grammar
Cornville Consolidated
Mercer Elementary
Central Grade
North Elementary
Lincoln
Garfield
Park
Academy
Skowhegan Area Jr. High
Margaret Chase Smith
Smithfield Elementary

#29 - Houlton

Houlton Elementary
Houlton High
Lambert
R. Randall Youth Dev. Ctr.
Littleton
Monticello
Wellington

#27 - Fort Kent

Eagle Lake Elementary
Fort Kent Elementary
Fort Kent Community High
Market Street Elementary
St. Francis Elementary
Wallagrass Elementary

Bangor

Fairmount Elementary
Fruit Street
Abraham Lincoln
Mary S. Snow
Vine Street
Downeast Elementary
Fourteenth Street
Harlow Street

Glenburn

Glenburn Elementary

Old Orchard Beach

School Street Elementary
Jameson
Old Orchard Beach High
Loranger Memorial

#70 - Hodgdon

#70 Elementary
Hodgdon High
Roosevelt

Freeport

Freeport Middle

#32 - Ashland

Ashland Central
Portage Central

#6 - Bar Mills

Eliza Libby Elementary
Frank Jewett
Jack Memorial
Samuel D. Hanson Elementary
Bonny Eagle Junior High
Hollis Elementary
Hollis Consolidated
Harold B. Emery Elementary
Limington Academy
George E. Jack Elementary
Johnson Elementary
Bonny Eagle High
Steep Falls Elementary

#33 - Frenchville

Dr. Levesque
Montfort
Wisdom High

#10 - St. Francis

Allagash Consolidated

#16 - Hallowell

Farmingdale Elementary
Hallowell Elementary

Winthrop

Winthrop Grade
Winthrop High
Winthrop Middle

Flander's Bay CSD

Ella Lewis

#3 - Unity

Morse Memorial
Walker Memorial
Monroe Elementary
Troy Central
Unity Elementary
Mount View High
Mount View Elementary
Mount View Junior High

Caswell Plantation

Caswell Plantation Elem.

Portland

Marada Adams
Emerson
Fred P. Hall
Long Island Elementary
North
Peaks Island
Shailer
West
William B. Jack, Jr.
King Junior High
Howard C. Reiche Comm.
PREP Program

#22 - Hampden

Newburgh Elementary
Leroy H. Smith

Waterville

Averill
Pleasant Street
Brookside Elementary

Monmouth

Henry L. Cottrell
Monmouth Academy

#11 - Gardiner

Pray Street
Pittston Consolidated
Theresa C. Hamlin Elem.
West Gardiner Central

Indian Township

Indian Township

Pleasant Point

Beatrice Rafferty

Indian Island

Indian Island

Island Falls

Southern Aroostook CSD

#47 - Oakland

Belgrade Central
Oakland Primary
John S. Tapley
M. L. Williams Junior High
James H. Bean

#51 - Chelsea

Chelsea Elementary

#40 - Waldoboro

Prescott Memorial

#71 - Kennebunk

Park Street
Cousens
Kennebunkport Consolidated

Wells

Wells Elementary
Ogunquit Village
Wells Junior High
Wells High

Easton

Easton High
Easton Elementary

Dresden

Dresden Elementary
Bridge Academy Public

Fort Fairfield

Grammar
Jenkins Elementary
Hacker Elementary
Fort Fairfield Junior High
Fort Fairfield High

Wales

Wales Central

#46 - Dexter

Dexter Regional High
Dexter Primary
Exeter Consolidated
Garland Elementary

Auburn

Chamberlain

#56 - Searsport

Frankfort Elementary
Searsport Elementary

Richmond

Marcia Buker
Richmond High
Richmond Junior High

Readfield

Readfield Elementary

Nobleboro

Nobleboro Central

Yarmouth

Yarmouth Junior-Senior High

Gouldsboro

Gouldsboro Grammar

Rome

Rome Elementary

APPENDIX 'B'

Maine Schools with 40% or More Children Eligible for Free and Reduced Price Breakfasts

(Source: Maine Department of Education and Cultural Services)
* denotes school with breakfast program

#59 - Madison

Madison High	67%
* Junior High	68%
Sebastian Rasle	67%
* Old Point Avenue	70%
* Weston Avenue	66%
* Athens Elementary	68%
* Somerset Academy	71%
* Starks Elementary	64%

#54 - Skowhegan

* Academy	41%
* Canaan	58%
* Cornville	53%
* Garfield	52%
* Lincoln	48%
* Margaret Chase Smith	55%
* Mercer	46%
Norridgewock	46%
* North Elementary	48%
* Park	46%
* Smithfield	57%
* Junior High	48%

Bath School Department

Small	42%
Huse	41%
Newell	42%

#61 - Bridgton

Casco Junior High	42%
Bridgton Junior High	41%
Naples Elementary	56%
Sebago Elementary	53%

#52

Leeds	49%
Area Junior High	45%

#29 - Houlton

* Lambert	52%
* Elementary	53%
St. Mary's	44%
* Littleton	46%
* Monticello	67%

#27 - Fort Kent

* Fort Kent Community High	71%
* Fort Kent Elementary	66%
* Eagle Lake Elementary	65%
* Market Street Elementary	84%
* St. Francis Elementary	94%
* Wallagrass Elementary	66%

#26

SAD 26	51%

#58

Phillips School Lunch	49%
Kingfield School Lunch	49%

Caribou District

Caribou Jr. High	40%
Intermediate	49%
Hilltop	55%
Sincock	42%

Limestone School Dept.

Town Elementary	45%
Damon Elementary	44%

#1

Cunningham	42%
Skyway	45%
Gouldville	45%
Westfield	52%

South Portland Centralized

George F. Henley	45%
James Otis Kaler	43%
Redbank Village	54%

#50

Lura Libby	42%
Cushing Consolidated	41%
Thomaston Grammar	41%
St. George Elementary	76%

Somerville Elementary

Somerville Elementary	100%

#67

Ballard Hill	52%
Dr. Carl Troutt	41%
Ella P. Burr	55%
Mattanawcook Jr. High	48%

#30

Lombard School	74%
Winn	56%
Eula Ham	61%
Mt. Jefferson Jr. High	57%

Bangor Centralized

Union Street Jr. High	65%
* Downeast School	79%
* Fourteenth Street	85%
* Harlow Street	88%
* Abraham Lincoln	64%
* Vine Street	44%

#48

Corinna Junior High	70%
Hartland Elementary	59%
Hartland Junior High	69%
Newport Elementary	66%
Newport Junior High	89%
Palmyra Elementary	48%
St. Albans Elementary	70%
Nokomis Regional High	49%

Harmony Elementary

Harmony Elementary	47%

#32

Carmel	43%
Caravel	54%

Glenburn

* Glenburn Elementary	49%

#64

Hudson Elementary	79%
Morison Memorial	51%
Stetson Elementary	70%
Central High	66%

Appleton-Hope Community

Hope Elementary	52%

#28 - Camden

Rockport Elementary	43%

Westbrook

Canal	65%
Congin	42%
Forest Street	50%
Saccarappa	59%
Warren Kindergarten	59%

#44 - Bethel

Andover	43%
Crescent Park	45%
Woodstock	59%
Telstar Middle	45%

#68

Morton Avenue Elementary	48%
Mayo Street Elementary	47%
Sedomocha Junior High	47%
Charleston Elementary	47%
Monson Elementary	42%

Old Orchard Beach

* Old Orchard Beach High	41%
* Loranger Junior High	50%
* Jameson	58%
* School Street	51%

#70

* MSAD #70 Elementary	61%
* Roosevelt	75%
* Hodgdon High	53%

#41

Atkinson Primary	67%
Brownville Primary	45%
Brownville Jct. Primary	44%
LaGrange Primary	59%
Milo Primary	61%
Penquis Valley Middle	53%
Penquis Valley High	42%

Wiscasset Consolidated

Middle School	44%

Patrick Therriault

Patrick Therriault	82%

#43

Meroby School	52%
Mexico Junior High	56%
Mexico High	52%
Hope	50%

#38

Etna-Dixmont #38	67%

#90 - Union

Dr. Lewis S. Libby	63%

#32

* Ashland Central	55%
* Portage Central	68%
Ashland Com. High	43%

#9

Franklin C.T. Center	78%
A.D. Ingalls	41%
G.D. Cushing	41%
Wilton Academy	41%

#45

Washburn Elementary	45%
W.C. Foster	53%

#6

* H.B. Emery, Jr.	60%
* Jack Memorial	49%
* Bonny Eagle Junior High	42%
* Bonny Eagle High	46%

#25

Sherman Elementary	52%
Stacyville Elementary	45%
Patten Primary	57%
Patten Grammar	67%
Katahdin Junior High	66%
Katahdin High	61%

#33

* Wisdom High	80%
* Montfort	76%
* Dr. Levesque	65%

Medway

Medway Middle	41%

#10 - Allagash

* Allagash Consolidated	87%

#17 - South Paris

Oxford Hills Junior High	51%

Mt. Vernon

Mt. Vernon Elementary	57%

Hancock

Hancock	50%

#39

Hartford-Sumner	64%
Buckfield Elementary	69%
Buckfield Junior-Senior	54%

Peru

Peru Elementary	41%

#16

Maria Clark	63%

Steuben

Steuben Elementary	68%

Bucksport Centralized

G. Herbert Jewett	42%

#74

Garret Schenck	58%
Mark Emery	60%
Carrabec High	49%
Central Elementary	66%
Solon Elementary	70%
Embden Elementary	64%

#4

Abbie Fowler	41%
Guilford Primary	42%
Wellington	86%
Guilford Middle	48%

Edmunds Consolidated

Edmunds Consolidated	61%

Biddeford

John F. Kennedy	55%
Biddeford Junior High	46%
Emery	57%
Birch	77%

#3 - Unity

* Mount View Senior	43%
* Mount View Junior	56%
* Mount View Elementary	60%
* Monroe Elementary	57%
* Morse Memorial	63%
* Troy Central	61%
* Walker	67%
* Unity Elementary	51%

Old Town

Jefferson Street	52%
Herbert Sargent	45%
Helen Hunt	49%
St. Joseph Public	51%

#34

Geo. Robertson	48%
Edna Drinkwater	78%
Gov. Anderson	42%
Kermit Nickerson	62%
Searsmont	64%
Gladys Weymouth	63%
Belmont	44%

Deer Isle - Stonington

Deer Isle Elementary	45%
Deer Isle-Stonington Jr.	53%
Stonington Elementary	53%
Deer Isle-Stonington High	44%

Caswell Plantation

* Caswell Elementary	67%

North Vassalboro

East Vassalboro	44%
Carl B. Lord	44%
Riverside	49%

Winslow Central

Halifax Street	43%

Portland

* Jack Jr. High	49%
* King Jr. High	58%
* North	91%
Clifford	41%
* Peaks Island	48%
* Long Island	67%
* Reiche	72%
Riverton	50%
* West	64%
PREP	100%

#22

* Smith	51%
* Newburgh	51%

Brooklin

Brooklin Elementary	63%
Brooklin Junior High	59%
Sedgwick Primary	56%
Open Door	86%

Brooksville

Brooksville Elementary	40%

Waterville

* Brookside Elementary	46%
* Pleasant Street	56%

#92 - Union

Ellsworth	40%

Litchfield

Litchfield Central	41%
Libby-Tozier	54%

#43 - Monmouth

* Henry L. Cottrell	45%

#11 - Gardiner

Jr. High	48%
Middle	49%
* Pittston	54%
* Hamlin	59%
* Pray Street	49%
So. Gardiner	43%

Indian Township - Princeton

* Indian Township	90%

Pleasant Point, Perry

* Beatrice Rafferty	100%

Indian Island, Old Town

* Indian Island	95%

Southern Aroostook

* Southern Aroostock C.O	77%

Princeton

Princeton Elementary	52%

#47

* Oakland Primary and John S. Tapley	50%
* M.L. Williams Jr. High	43%
* James H. Bean	43%

#2

Greenville High	46%
Nickerson Elementary	45%
Shirley Elementary	64%

#19

Lubec Consolidated	62%

#5

Rockland Jr. High	45%
North	53%
South	69%

Eastport

Eastport Elementary	53%

Augusta

Buker Jr. High	41%
Gilbert Elementary	55%

Lisbon

Lisbon High	43%
Middle - P.W. Sugg	46%

#49

Clinton Elementary	43%
Lawrence Middle	44%

#51 - Whitefield

Whitefield	52%

#51 - Cumberland-North Yarmouth

Chebeague Island	40%

Chelsea

* Chelsea	54%

#40

Miller	50%
Friendship Street	57%
A.D. Gray Jr. High	41%
Friendship Village	43%
Warren Intermediate	49%
Frank D. Rowe Primary	49%
* Prescott Memorial	65%

Brunswick

Hawthorne	41%

#53

Burnham Village	58%
Dorothy R. Cookson	50%
Manson Park	47%
Grammer	59%
Marie Bradford	86%
Vickery	58%
Warsaw Jr. High	54%

Easton

* Easton Elementary	55%
* Easton High	44%

Fort Fairfield

* Fort Fairfield High	47%
* Fort Fairfield Junior High	62%
* Wm. Jenkins Elementary	66%
* Fort Fairfield Grammar	60%
* Hacker Elementary	66%

Sanford Consolidated	
Lafayette	52%
Lincoln	53%
Middle	48%
#37 - Rangeley Lakes Regional	
Rangeley Consolidated	51%
Wales	
* Wales Central	72%
#46 - Dexter	
* Garland	50%
* Exeter	71%
#13	
C.E. Ball	43%
Caratunk	56%
Moscow Primary	49%
Quimby Elementary	44%
Valley High	46%
Benedicta	
Benedicta Elementary	73%
Auburn	
* Central	45%
Chamberlain	55%
St. Louis	65%
Sherwood Heights	41%
Walton	40%
Washburn	44%
Madawaska	
Acadia	50%
Evangeline	56%
Madawaska High	46%
#57	
So. Waterboro Elementary	4[illegible]
Massabesic Middle	51%
Lincolnville	
Lincolnville Central	65%
Sabattus	
Sabattus Elementary	50%
Durham	
Durham Elementary	51%
Connor Consolidated	
Connor	54%
#4[illegible] - Richmond	
* Marcia Buker	47%
* Richmond Jr. High	45%
Dayton	
Dayton Consolidated	50%
#31 - Howland	
Burlington	60%
Hichborn Middle	51%
Penobscot Valley High	45%
#55	
Sacopee Valley	50%
Porter Elementary	49%
Parsonsfield	63%
Cornish	66%
Milliken	52%
Baldwin	42%
New Sweden	
New Sweden Consolidated	50%
#46	
Dexter Middle-Primary	45%
Vanceboro	
Vanceboro Elementary	54%

Trenton	
Trenton	40%
Oak Hill	
Oak Hill	42%
S.C. Bonsey	51%
Palermo	
Palermo	48%
Nobleboro	
* Nobleboro Central	45%
#93 - Penobscot	
Penobscot Elementary	46%
#122 - Stockholm	
Stockholm Elementary	41%
#29	
Elm Street	43%
Water Street	52%
Lamoine	33%
Schoodic	
Sullivan Grammar	69%
Franklin Grammar	52%
Sorrento Grammar	42%
Mt. View Middle	69%
#14	
East Grand High Elementary	69%
Winter Harbor	
Winter Harbor Grammar	56%
Gouldsboro	
* Gouldsboro Grammar	68%

Acton	
Acton Elementary	43%
Rome	
* Rome Elementary	66%
Dresden	
* Dresden Elementary	50%
* Bridge Academy	41%
#77 - Machias	
Fort O'Brien	64%
Mary C. Burns	46%
Elm Street	62%
Whiting Village	56%
Cutler Elementary	61%
George L. Bucknam	71%
Reed Pltn	
Reed Pltn.	80%
Kingman	
Kingman	50%
#12	
Forest Hills Middle	45%
#72	
C.A. Snow	50%
Jonesboro	
Jonesboro Consolidated	73%
Jonesboro Grammar	70%
#36	
Livermore Falls Junior High	41%
Dedham	
* Dedham	48%

Rumford

Rumford Elementary	53%
Rumford Center	47%
Virginia	41%

#42

Bridgewater Grammar	65%
Bridgewater Primary	52%
Central Aroostook High	47%
Central Aroostook Middle	44%
Fort Street	53%

Windsor

Windsor	45%

#37

Daniel W. Merritt	71%
Cherryfield	45%
Columbia Falls	46%
Harrington	62%
Milbridge	66%
Narraguagus High	46%

#24 - Van Buren

Van Buren Secondary	87%
Gateway Elementary	87%
Kindle	84%
Grand Isle Elementary	91%

Rose M. Gaffney, Machias

Rose M. Gaffney	54%
UMM Campus	75%

#90 - Greenbush

Helen S. Dunn	50%

#29 - Poland

Poland Consolidated	46%

Woodland

Woodland Consolidated	62%

Arundel

Mildred L. Day Memorial	43%

#21

Dixfield Junior High	55%
Dixfield Elementary	44%
Canton Central	42%
Carthage Elementary	94%

Gov. Baxter

Gov Baxter School for Deaf	100%

Lewiston

Farwell	44%
Martel	43%
Montello	60%
Lewiston Junior High	46%
Frye	96%
Jordan	82%
Wallace	79%
Multi-Purpose	85%

Appendix 'C'

Acknowledgements

The Maine Child Nutrition Project acknowledges the assistance, advice, and cooperation of the many people who have been involved in School Breakfast expansion with us over the past year. Some of those people are:

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Ellen Hasenfus
Becky Lamey
David Merlin
Deborah Belcher
Sister Carol Martin
Bill Wood
Pauline Dudley
Rita Ridgeway
Dori Duchette
Susan Davis

Susan Siegler
Rep. Alfred Brodeur
Betty Ann Hastings
H.H. 'Tad' Gordon
Debbie Keenan
Peter Stuckey
William L. Edmondson
Charles Manchester
Jacqueline E. Merrill
Martha Vilander
Dorothy Larabee
Claudine Bechtel
Richard Petit
Earl Mann
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Mona Van Wort
Patricia Willey
Beverly Mann
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Susan Emmerling
Helen Zidowecki
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Nancy Cote
Jay Sawyer

and many others

MCNP would like to especially thank Mr. Kevin Cowperthwaite, Food Service Director for the Winthrop Public Schools, for his continuing assistance and expert advice throughout the year.

APPENDIX 'D'

A Progress Report for Each Target District

The need for school breakfast in these target communities was--and is--pressing. The numbers of children from low-income families, as well as children who travel long distances to school each day, are significant. Yet, in spite of this compelling evidence of the need for a breakfast program and the demonstrated public support for it in the target communities, school board members have not quickly agreed to install even a pilot program. Members remain unconvinced of the need, wary of usurping what they view as "family responsibility", and ignorant of available funds, service delivery methods and assistance. Here is a summary of MCNP activities in each target district.

Augusta For nine months, MCNP worked with a number of local community groups and individuals to establish a public demand for School Breakfast. Upon the recommendation of its Elementary Advisory Committee, the Augusta School Board agreed to consider the Breakfast Program and encouraged the school administration to work with MCNP in its investigation. MCNP helped to draft a delivery system for School Breakfast in one of Augusta's schools, and developed a working budget which would not cost the Augusta Schools any local dollars. With the strong support of the President of the School Board, and the continuing efforts of the local Breakfast Committee, the School Board voted unanimously to begin the pilot program in September, 1979.

Bethel Organizing efforts in Bethel began with the training of a Bethel School Board member and the staff of Oxford Community Services. A proposal for Breakfast implementation was brought before the School Board in December, with general community support. The Board directed a sub-committee to investigate the Program and the need for School Breakfast. At the completion of a parent and student survey which showed 80% support for the installation of School Breakfast, the School Board, insisting breakfast was a family responsibility, voted against the Program. Advocates have tried to reverse the decision, but have not been successful.

Farmington MCNP held discussions with the new Superintendent of Schools during the Summer of 1978 and found him very supportive of School Breakfast. Throughout the year, MCNP and local Breakfast advocates conducted public information sessions and gathered local support for School Breakfast. As the School Board began deliberations on the district budget, School Breakfast was included for the 1979-80 year. A pilot program for Breakfast has been suggested, but no action has been taken. Follow up work in Farmington continues.

Lewiston/Auburn MCNP identified many local supporters for School Breakfast in both Lewiston and Auburn. Although Auburn has conducted a Breakfast Program in one of its elementary schools for the past three years, the School Board does not consider the need great enough to warrant expansion to other schools. In Lewiston, the climate is very similar. The strongest approach has been the recommendation by the Lewiston Teachers Association to investigate the Program, but given the administration and School Board's opposition, it is unlikely that any positive action will be taken.

Machias MCNP, with the assistance of local School Breakfast supporters, presented a plan for Breakfast implementation to the Machias School Board in January of 1979. The Board expressed concern as to the need for the program and ordered a survey to assess the need for School Breakfast. Despite requests from local advocates, this assessment has yet to be made, and it appears unlikely that any survey will be conducted until the fall of 1979.

Pittsfield Initial support in Pittsfield looked promising, even though the administration and School Board were opposed to School Breakfast. MCNP trained an outreach worker with Kennebec Valley CAP in the fundamentals of School Breakfast and community organizing. Although much time and effort was invested in this effort, support gradually deteriorated as supporters saw the continued opposition from the School Board as a 'no win' situation. As local support dwindled, the effort was cancelled for the 1978-79 year.

Portland In June, 1978, MCNP with the help of many community-based groups and individuals, pursuaded the Portland School Committee to reverse its "no" vote on School Breakfast and expand the Program to all elementary and junior high schools, an addition of 13 schools. However, the Portland City Council then reversed the School Committee's decision, refusing to amend the school budget which would have allowed increased expenditures for School Breakfast in anticipation of increased revenues from federal reimbursement. Further attempts at School Breakfast expansion during the 1978-79 school year met with no success, due to the resignation of a School Committee member who had provided the necessary majority vote.

Presque Isle area MCNP's efforts in Northern Maine concentrated in three towns: Presque Isle, Caribou and Limestone. The Presque Isle effort has met with little success due to the strong opposition of school administration and board members. Community support, however, is slowly growing; a proposal will likely be presented to the School Board in the fall of 1979.

Caribou, on the other hand, has met with some success. MCNP has trained local supporters and has widely circulated public service announcements in the area. A phone call campaign was organized to demonstrate support for the School Breakfast Program and prompt the school administration to support implementation. The administration did propose a pilot program to the School Board, slated to begin operation in September 1979.

Limestone's food service director attended a training session conducted by MCNP and went back to the school system committed to School Breakfast implementation. A pilot program was started during the '79 Summer Session with a decision to be made soon on full implementation.

Rockland area MCNP began supplying assistance to School Breakfast supporters in the Rockland area in late Spring of 1979. Only in the town of Waldoboro has action been taken by a school board. The Waldoboro board defeated a motion to implement the program in the high school.

Community support in Rockland, Vinalhaven, and Thomaston is just beginning to develop. Support from the Mid-Coast Human Resource Council, Head Start Programs, hospitals, and other local groups appears to be growing.

Westbrook MCNP has made numerous attempts to involve individuals and organizations in Westbrook, and has found little support for School Breakfast other than from the nutrition advocate of the local CAP agency. Presentations to community clubs and school officials have elicited no positive response.

References

1. A Complete Summary of the Iowa Breakfast Studies (Cereal Institute, Inc., Chicago), conducted by Tuttle, Daum, et. al., University of Iowa, originally published in the Journal of the American Dietetic Association, 1962.

2. National Center for Economic Alternatives, Study conducted by Alperovitz and Faux, Living Cost Differences Shift Income Ranking of States. NCEA, 2000 P Street, N.W., Washington, D.C., January 1979.

Chairman PERKINS. Thank you very much, for a good statement. Our next witness is Ms. Ahuja.

STATEMENT OF KAILAH AHUJA, SCHOOL BREAKFAST COORDINATOR, PROJECT FEED, CONNECTICUT

Ms. AHUJA. Good morning, Mr. Chairman and members of the committee, my name is Kailash Ahuja. I am a nutritionist for the food emergency action development project, Project FEAD, a statewide food advocacy group in Connecticut, federally funded by the Community Services Administration with community food and nutrition program funds. We do legislative advocacy at the State and national levels, monitor food programs at the State and local levels and train the staff of the community action agencies and other groups in Federal food program areas. The overall goal of the project is to increase awareness of and participation in federally funded food programs.

School breakfast expansion is a second priority in our work plan because this program is drastically underutilized in the States. There are 1,100 schools in Connecticut serving school lunches and only 44 of these schools offered breakfast to the children last year, and this number has increased to 56 schools as of now. Project FEAD staff has made a concerted effort toward school breakfast expansion in the targeted cities such as New Haven and Hartford, where the schools have very high enrollments of children from low-income families.

In the Hartford public school system, there are approximately 16,000 children eligible for free meals and about 2,500 eligible for reduced price meals out of total enrollment of nearly 25,000 children. It has been a constant battle for us for over a year and half to get approval from the Hartford board of education to expand the breakfast program from two elementary schools to additional schools.

Just to give you a little glimpse of where the board of education and its staff were and what their attitude and knowledge level on this issue was when we started working on the breakfast issue in Hartford, I would like to read questions from a survey questionnaire of the 1977 breakfast program survey conducted by the board.

The questions read as follows: Do you think that children should have breakfast at school or at home?

Do you want your child or children to participate in a breakfast program next school year if the program is approved by the Board? Yes or no.

The third question was, once the school breakfast program is expanded we are legally required to offer breakfast in all elementary through high schools. To do this will cost approximately $82,000 per year from our city tax moneys. This would probably mean a cut in the present level of some school services such as less money for text books, fewer teachers or paraprofessionals or reduced maintenance services. Given these facts, would you support a breakfast program? Yes or no.

The results of the survey on this last question indicated that 41.9 percent of the parents wanted their children to have breakfast in school even if it meant cuts in other services.

But still, the board disapproved any further expansion at that time. Therefore, in the fall of 1978, we formed a coalition in Hartford involving community leaders State agencies staff, the city mayor, deputy mayor, the press and the Board of Education staff. After the education of the coalition members, we submitted a proposal for the expansion of the breakfast program in all of the Hartford schools. Last month, after a long struggle, the board approved expansion to 12 more elementary schools provided that the following two conditions are met.

One, the city council gives the Hartford Board of Education $70,000—the projected annual deficit if breakfast is expanded to all elementary schools.

Two, the council sets up a separate line item account so that the fund are assured for the subsequent years.

The city council has already passed the resolution to give the board $70,000 this year and a city council hearing is scheduled for November 19 for passage of and ordinance to set up a line item account for breakfast in the city budget.

The basic problems in school breakfast expansion that we have come across are:

One, philosophical disagreement among some groups on the issue of breakfast in schools.

Two, principals and teachers disliking the idea of breakfast in schools because it means additional responsibilities for them as far as supervision is concerned and also that time is taken away from instruction, and

Three, board members are against it, because they feel that the Federal reimbursements can't cover the cost of program and the program will cost the board's budget. However every one agrees that breakfast is a very important meal of the day and all children should have a breakfast before the beginning of the school day, which leads me to believe that we will be able to overcome some of these problems in due time through the education of the communities at the local level. But there are some problems which have solutions only at the national level and, therefore, our recommendations are as follows:

Our first recommendation would be that all school districts receiving title I funds must make the breakfast program available in all title I schools.

These schools have a very high percentage of low-income children and the households of these children several times have to make a choice between eating and heating of their homes and a breakfast or a bus fare. If Congress does not mandate the provision of breakfast in all Title I schools, I am afraid children will continue to go hungry in the morning and billions of dollars on their education will be wasted cause children can't learn efficiently when they are hungry.

Second, there should a provision of earmarked funds for outreach available to each State along with the State administrative expense funds. These funds must be contracted out to statewide advocacy groups or local groups who are capable of doing outreach work at the grass roots level in the communities and within the school system.

To this end, I would like to add that the USDA awarded $230,000 in grants to six States for breakfast outreach this year under section 18, which is a step in the right direction. However, the amount of funds should be increased and the contracts should be awarded at the State level or regional level as opposed to the national level.

Third, I would request that no cutbacks be announced in the school lunch program because this news scares away the boards of education from implementing the breakfast programs. It becomes extremely difficult to approach the board on the breakfast programs when they face hard times for the survival of the school lunch program.

Fourth, I would request this committee to have USDA monitor very closely the meal quality in the school lunch program because poor quality lunches in some areas create a problem toward school breakfast expansion.

I commend the committee for holding this hearing and thank you for this opportunity to testify.

Chairman PERKINS. Thank you very much.

Our next witness is Ms. Hess, Director of the Governor's Office on Nutrition, Michigan.

STATEMENT OF LAURA HESS, DIRECTOR, GOVERNOR'S OFFICE ON NUTRITION, MICHIGAN

Ms. HESS. Thank you, Mr. Chairman. It is always a pleasure to be in front of this committee. It seems that every time I have come before this committee in the past I have been able to tell you that in Michigan we are working on a mandate for breakfast. We got a mandate for breakfast in Michigan and now I am very happy to report that we have held onto our mandate for 1 more year.

To just kind of refresh your memory, the mandate in Michigan mandates all public schools as of October 1 last year to implement a lunch program and beginning October 1 this year, the phase-in of the breakfast mandate has begun. This year, schools in which 50 percent or more of the students participating last year in the lunch program at a needy rate, had to implement a breakfast program but it didn't have to exceed 25 percent of the school buildings in a given district.

Next year, any school building in which 35 percent of the students are needy will have to implement a breakfast program with you but they won't have to exceed 60 percent of the school buildings in the district and by October 1 1981, school buildings in which 20 percent or more of the students are needy, will have to implement a breakfast program. Simply because we have a mandate though has not eliminated all of the problems.

The road to getting the mandate was very rocky and continues to be so. To share with you some examples of how districts have implemented the mandate so far, we have had both sides of the coin, the very negative aspects, for instance, in one district where they implemented the breakfast program but said that students eating breakfast at school and do not use the school buses had to be at the school to eat the breakfast and finish eating 30 minutes before the other students arrived. One would think, given a reaction like that, that the State department of education would call them up and say come on fellows, what are you doing?

Their reaction instead was simply to send a formal request to the attorney general's office for an opinion of whether the breakfast program was a school activity or an education program. It will probably be 6 months to a year before they have a response and I think that a phone call would have been much more effective.

Another school district requested an additional 10 buses in order to implement the breakfast program. The feeling such as Mr. Russell and others have indicated that transportation is going to be a major problem, that you have to either add bus runs or put on additional buses. In another area, a more rural area, the principal at the school brought in all of the kids and gave them a lecture on the American welfare system and finished his lecture by asking the six kids in the school who were eating breakfast there to stand up and identify themselves.

As a result of this, we were asked to come to a series of community meetings to talk about the breakfast program and as a result, there are additional children now participating in it that great welfare program called breakfast at school.

There are a number of recommendations that I would make to this subcommittee for actions that would assist us in overcoming the resistance that we continually face. During this year we have 400 schools that are going to have to implement the mandate. By the time the mandate is fully implemented it should be over a thousand schools serving several hundred thousands of children but of course that is contingent on us maintaining the mandate, which is a question we face annually.

There needs to be considerable promotional effort made by the U.S. Department of Agriculture, the State departments of education, that informational programs will know longer suffice. It is imperative that money for this promotional effort be funded through the community groups. One of the problems that we have had continually in Michigan is the unwillingness or inability of the Department of Education to work with community groups. They see their sole audience as the schools and feeling that the community groups have no place in the implementation of the program.

Even though these communities groups and the parents and students represented in them who are affected most by this, one cannot legislate cooperation but one can legislate coordination, and to that end I would recommend that specific coordinating efforts be required between the USDA and the Department of Education.

One of the things that we found as we were going through the legislative process in Michigan, was that there were a number of individual principals, superintendents, teachers who were very supportive of the lunch and breakfast programs, but because of the position their board had taken, or in some instances their superintendent, were very reluctant to speak out publicly in support of the program yet they themselves had indicated that they really wanted a program in their schools because of the difference it would make for the children they taught.

The U.S. Department of Agriculture should also be involved in developing the amount of the promotional material that addresses the various audiences that it needs to address, the superintendents, the school boards, the teachers, the parents, the students, and the community groups.

Some of this information should be funded through the Department of Education so that the professionals, the educational professionals, receive it from a department with which they are more closely aligned and from whom they view the support as more important.

One of the things that could be considered is a mandate at the Federal level. Given our experience in Michigan I would tend to shy away from something that is a very extensive mandate. At the very least, something that does not require legislation, simply enforcement of current legislation would be the enforcement of the title I provision that requires title I schools to fully utilize all resources available to the students. The school breakfast program is indeed one of those resources available.

This committee has been very responsive to the needs of children in its efforts around the lunch and breakfast program. It is my understanding that about $75 million was authorized for equipment for the meals programs but that the appropriated level falls far short of that. I think that is another area in which Congress could assist the States.

One of the other recommendations that I would make is something again with which this committee has dealt with many times and that is the issue of competitive foods. The proposed regulations by the U.S. Department of Agriculture fall far short of those we in the States would like to see. The continued sale of the so-called junk foods will not help implementation of breakfast program and we would, therefore, recommend at the very least, even if foods do benefit the student organization, that if they are not an acceptable choice of food for the breakfast program that they be prohibited from sale in the schools.

I think one of the problems that we have is that school administrators in some areas see that the children have had something to eat and they are not too fussy about whether or not that was a coke and candy bar or cereal and/or orange juice.

One of the final recommendations that I would make that is not in my testimony is that the Congress require USDA to collect certain information from the States department of education. It has been very difficult to get information from the State departments because they simply don't have it.

Again, going back to the title I schools, I did a series of workshops a few week ago in Detroit for the parents advisory councils about 200, 250 parents were entrusted with a breakfast program. In trying to get information for the meeting I called up the department of education to find out at the very least how many title I schools there were in any given district. The Department of Education could not tell me. Within their own ranks they were not coordinating the programs as they need to be coordinated. Requiring specific information will help that coordination get underway.

I would join with my colleagues here at the table in commending the subcommittee and the committee for its action, its willingness to hold these hearings, and thank you for the opportunity to testify.

[The prepared statement of Laura Hess follows:]

Prepared Statement of Laura Hess, Director, Governor's Office on Nutrition, Michigan

Congressman Perkins and members of the subcommittee, I am Laura J. Hess, Administrator of the Michigan Office on Nutrition and of the Michigan Statewide Nutrition Commission. My testimony today is intended to apprise you of developments in the School Breakfast Program in Michigan and to offer some suggestions for how its implementation might be enhanced nationwide through the efforts of the Congress and the U.S.D.A. Of late, we in Michigan have heard of the initiatives taken by the U.S.D.A. to promote the School Breakfast Program. While we applaud those efforts where they have taken place, we must also point out that U.S.D.A. promotional activities in Michigan have been minimal, at best.

The importance of an adequate breakfast to a child's overall development and to each day's learning experience is attested to by scientific studies, both old and those more recent. Out of the recognition of these needs arose the Federal School Breakfast Program in the mid-1960's. In Michigan, too, the need was recognized in some quarters; but the availability of federal support and overwhelming scientific evidence were not sufficient stimuli for the widespread initiation of the program.

In 1972, it became apparent that Michigan's greatest chance for broad initiation of the School Breakfast Program was through a State Legislative mandate. Support for such a mandate was forthcoming from a wide variety of interested groups including the UAW, AFT, MEA, AAUW, LWV, PTA, AFL-CIO, and many individual teachers and school administrators. The only organized opposition arose from the Michigan Associations of School Boards and School Administrators who argued that the program would be an unbearable administrative burden. Both these groups were equally opposed to the state mandate for the School Lunch Program which became effective October 1, 1978.

The Michigan School Breakfast mandate, as it was finally enacted, has the following provisions. First, there is provided a phase-in period of three years beginning October 1, 1979. During that time, the program is required earliest in those schools where it is needed the most. In order to achieve a legislative compromise, however, not all of even the most needy schools must be served until the third year.

Second, the mandate is only effective if the Legislature includes in the Department of Education appropriation a line item to cover the difference between the actual cost of the program to the schools and the federal reimbursement. On October 3, 1979, Governor William G. Milliken signed the Department of Education appropriations bill which included $1.1 million for State support of the School Breakfast Program. Governor Milliken had been a supporter of the breakfast program from the beginning.

A third noteworthy effect on the Michigan mandate is that, by requiring the program by law, it qualifies every participating school in the State for reimbursement from U.S.D.A. at the higher "severe need" rate.

Finally, it should be noted that, by legislative intent, no enforcement provision were written into the Michigan mandate.

Prior to the fall of 1979, and without regard to the impending mandate, a number of school districts in Michigan chose to implement a breakfast program for some or all of their students. Those districts have been able to pay for the program from the federal reimbursements, charges to students, and in some instances additional cost to the school's operating budgets.

With the mandate, however, there has again arisen considerable opposition from school boards and administrators. Legislation has ben introduced, but not reported out of committee, which would make the program a local option, and possibly subject to a local referendum. There was also extensive lobbying against the $1.1 million State appropriation.

With the implementation of the mandate, all of the fears of administrators, parents and Department of Education officials are also resurfacing. The negative attitude, where it exists, is going to negatively impact on the participation of students in the program and ultimately on the success of the program across the country.

The horror stories that people believe are those which we have all heard before-- that students will have to be picked up any where from one half to a full hour earlier to accomodate "those students" who want to eat breakfast at school; it will break up the family because all students will be required to eat breakfast at school; schools will have to buy additional buses or add bus runs; the already financially strapped school districts will have to spend their own money for supervisory costs and others not borne by the federal reimbursements.

Unfortunately, these attitudes, in some instances, are being reflected in the implementation efforts. In Dowagiac, school officials decided to require any student eating breakfast at school to be finished 30 minutes before the other students arrive at school. A rural area, this effectively denies the students use of school bus transportation. In Iron River, a school official reportedly gave the elementary students a lecture [illegible] the welfare system and finished by asking the six students eating breakfast at school to stand and identify themselves. A third school district included with its equipment order, a request for several new school buses.

On the more positive side are those efforts of E. James Kitson in Lansing. Kitson, as School Food Service Director, has hosted many administrators and colleagues, shown them his district's program and changed a considerable number of hostile attitudes. Carl Merkel in Jackson implemented the program in schools not required by the mandate and is trying to increase participation in four of the schools in which it is quite low. There are other unsung heros.

In all, about 400 school buildings across the state's districts were required to implement the program on October 1. Assuming the mandate goes as scheduled, by 1981, slightly over 1,000 schools will be offering a breakfast to several hundred thousand students. Whether or not the mandate will remain in force is a question that Michigan advocates have wrestled with frequently since the mandate originally passed.

The efforts of this Sub-committee and the U.S.D.A. could be of great assistance to Michigan, both in overcoming the opposition to the program and in increasing participation among the otherwise non-breakfast-eating student population. Among the recommendations that I would make are:

1. Require, as a condition of any funding, that the State's Department of Education substantially increase their efforts to promote the breakfast program. Informational efforts have proven themselves a dismal failure.

2. Make money available, either directly, or through Departments of Education for community groups to promote the breakfast program.

3. Provide the U.S.D.A. with the funds necessary to develop and distribute public service announcements and other promotional materials for use by States' Departments of Education and community groups.

4. Require greater coordination between the Departments of Education and U.S.D.A. in order to provide a positive image of the program to school officials and teachers from a source from which they may more readily accept it. Specific programs should be designed to accomplish this.

5. Require the Department of Education to develop its own or to distribute U.S.D.A.'s promotional materials to groups of parents and professionals who are more closely alligned with its Department.

6. Require school districts, as a condition of receipt of school lunch money, to promote breakfast and to offer breakfast at school, at least in those areas in which an extended travel time is required or the percentage of needy students is substantial.

7. At the least, require enforcement of the Title I provision calling for full utilization of resources by mandating a breakfast program in each of those schools so designated.

8. Explore and implement alternative funding incentives that make additional money available to the schools operating both a breakfast and lunch program.

9. Increase the amount of equipment funds available to those schools implementing the breakfast program.

10. Prohibit schools without a breakfast program from making competitive foods available on the campus, regardless of their value to student organizations. This should apply at least to those foods which are generally not recognized as acceptable breakfast choices.

We, in Michigan, firmly believe in the necessity of good nutrition at breakfast as a part of good overall nutrition and as an adjunct to the learning process. We support the Committee's efforts and those of the U.S.D.A. to increase participation in the School Breakfast Program. As the Committee considers strategies to broaden that participation, I hope it will bear in mind that those which are most specific and concrete are also those which are likely to be most successful. I feel that, for example, a Michigan-type mandate will reach much further than a public relations-type outreach program.

A final note I wish to leave with the Committee is that any new requirements legislated by the Congress will come in an atmosphere of inflation and, in many cases, citizen resistance to increased governmental costs. U.S.D.A. should be prepared to address the issues in a positive fashion that speaks of cost-effectiveness, maximizing education dollars and local money coming home.

Thank you for this opportunity to testify.

Chairman PERKINS. Thank you for an excellent statement. Let me ask you, Ms. Webb, did you have a statement you wanted to make?

Ms. WEBB. Yes, I do.

Chairman PERKINS. Go ahead.

STATEMENT OF BARBARA WEBB, FOOD SERVICE DIRECTOR, GUILFORD PUBLIC SCHOOLS, CONNECTICUT

Ms. WEBB. Thank you., Mr. Chairman,, I am Barbara Webb, food service director in the town of Guilford, Conn., located about 13 miles from New Haven. Guilford is an old, rather affluent, cultured town. Eighty-seven percent of the children that come to our school lunch program buy their lunch at school. Of the number of students that participate in lunch an average of 24 percent come to breakfast. We have breakfast in all seven of our schools and we charge 30 cents for a paid breakfast and five cents for a reduced priced breakfast. Seventy-three percent of the children buy breakfast, 19 percent are free, and 8 percent are reduced.

Breakfast began in Guilford in 1975, and in response to a request from some teachers for a snack about midmorning for children who seemed hungry and restless. We started at one school and slowly introduced breakfast in the other schools. The watchwords for growth have been flexibility and volunteerism with a strong push. Although no indepth study was made in Guilford on whether children who had breakfast were more attentive and/or learned better, teachers and the school psychologist told us that they were sure there was a perceptible improvement.

There are many positive points about breakfast. Our superintendent of schools said, it adds an extra dimension to the school day. Usually we send them for breakfast because we realize if they are hungry they are not going to learn.

Supervision is always considered a deterrent and in city schools with several hundred children participating, it would certainly be essential. We have no supervision at the elementary level. In the high school we met resistance on the part of the assistant principals so we extended some time for two food service employees to serve as cafeteria aides. Since then there have been no behavior or messy cafeteria problems.

We are in the process of hiring a teacher for a half hour each morning at one middle school where no administrator has been assigned in the cafeteria. It was no problem to find a teacher who wanted a little extra income. There is, of course, increased paperwork but it folds into the lunch paperwork easily. In fact we find there is much more paperwork and inconvenience provided with the commodity program. There is much more paperwork and inconvenience associated with the commodity program.

A ticket system which most schools in Connecticut use to protect anonymity can be adapted to breakfast. In fact, most administrative stumbling blocks placed in opposition to breakfast can be overcome if the desire is there.

Should Congress cut funding to the paying child in the lunch program? I firmly believe that breakfast programs would be more difficult to initiate and establish. Should cuts in the budget be necessary, why not cut the paying child in the special milk program in schools where the national school lunch program exists? The cut would make no difference in the amount of milk purchased from dairies since lunch and breakfast meals would continue to use milk; children that choose to brown bag would buy milk even if the price were higher.

To make starting a breakfast program more attractive, I suggest that USDA provide a better choice of commodities for breakfast only. School lunch directors in Connecticut were envious that Guilford had apple juice for breakfast and the kids liked it. This month the only commodity available for breakfast is dried egg mix—which we would really never do to the kids. There should probably be more publicity about the fact that seriously needy rates are being paid to school districts with breakfast programs, if their costs warrant it.

I believe breakfast is just what it says—break fast. In fact, a breakfast program might be of greater nutritional need in the 1980's than a lunch program.

[The complete statement of Barbara Webb follows:]

Prepared Statement of Barbara H. Webb, Food Service Director, Guilford Public Schools, Guilford, Conn.

I am Barbara Webb, Food Service Director in the town of Guilford, Connecticut, located 13 miles from New Haven. Guilford is an old, rather affluent, cultured town. Eighty-seven percent of the students that participate in the National School Lunch Program purchase their lunch.

Of the number of students that participate in lunch an average of 24 percent come to breakfast. We have breakfast in all seven of our schools and we charge 20 cents for a paid breakfast, 5 cents for a reduced price breakfast. Seventy-three percent of the children buy breakfast, 19 percent are free and 8 percent reduced.

Breakfast began in Guilford in 1975 in response to a request from some teachers for a snack about midmorning for children who seemed hungry and restless. We started at one school and slowly introduced breakfast in the other schools. The watchwords for growth have been flexibility and voluntarism . . . with a strong push. Although no in depth study was made in Guilford on whether children who had breakfast were more attentive and/or learned better, teachers and the school psychologist told us that they were sure there was a perceptible improvement.

There are many positive points about breakfast. Our Superintendent of Schools said "it adds an extra dimension to the school day". We believe we are performing a nutritional service. When oatmeal was first served, many children had never eaten hot cereal. We taught them to put milk and sugar—granulated or brown—on it. Last week served baked apples. Most children had never seen a baked apple and Guilford has one of the largest orchards in the state. We also try to make the point by the foods we offer that breakfast does not have to be traditional American foods. We serve cheese topped toast, ham patties on a hamburg roll, turkey strips, etc.

One of our principals says the part he likes best about breakfast is that it is truly a social time for the children. At lunch the students have been confined in class all morning and are usually noisy and energetic. At breakfast they are quiet and usually well behaved; they sit and converse at the table.

Serving breakfast makes use of existing school facilities and personnel. Our women are glad for the extra money they can earn by working an additional hour or half hour.

The comment is often heard that a breakfast program will cost the school district more money. Breakfast in Guilford is self-supporting and has strengthened us financially. It doesn't take an advanced course in economics to know that more production out of existing space and personnel is more efficient.

Many children are unable to eat early in the morning. Having breakfast available fills the need of these children. Often buses arrive a half hour before school starts and eating breakfast helps take up time that might otherwise be unproductive.

There are administrative problems that are mentioned by school lunch directors who have not instituted a breakfast program. There is the question of changing classroom and bus schedules. In Guilford no changes have been made to accommodate the breakfast program. Buses arrive on a staggered basis and kids that have breakfast simply go to the cafeteria or all-purpose room to eat before class. When it snows and the buses are late, the principal makes the decision of whether the late bus children should go to class or stop off for breakfast first.

Supervision is always considered a deterrent and in city schools with several hundred children participating, it would certainly be essential. We have no supervision at the elementary level. In the high school we met resistance on the part of the assistant principals so we extended some time for two food service employees to serve as cafeteria aides. Since then there have been no behavior or messy cafeteria problems. We are in the process of hiring a teacher for a half hour each morning at one middle school where no administrator has been assigned in the cafeteria. It was no problem to find a teacher who wanted a little extra income.

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To make starting a breakfast program more attractive, I suggest that USDA provide a better choice of commodities for breakfast only. School lunch directors in Connecticut were envious that Guilford had apple juice for breakfast and the kids liked it. This month the only commodity available for breakfast is dried egg mix . . . which we'd really never do to the kids.

There should probably be more publicity about the fact that serious needy rates are being paid to school districts with breakfast programs, if their costs warrant it.

I believe breakfast is just what it says . . . breakfast. In fact, a break fast program might be of greater nutritional need in the 1980s than a lunch program.

Chairman PERKINS. Thank you very much, Mrs. Webb, for a good statement.

Now we will hear from Mr. Young, Baltimore County Public School System.

STATEMENT OF JOHN M. YOUNG, ELEMENTARY SCHOOL PRINCIPAL, BALTIMORE COUNTY PUBLIC SCHOOL SYSTEM

Mr. YOUNG. Mr. Chairman and members of the subcommittee, I want to thank you for opportunity to be with you this morning and speak on behalf of Dr. Robert Dubel, our superintendent of schools, who, by the way, regrets very pressing prior commitments prevent him from being here this morning. We would like to summarize some of the efforts of the Baltimore County School Breakfast Committee of which I am chairman.

Baltimore County has a school system of 103,460 students housed in 156 schools. It is a system comprising the entire metropolitan area surrounding Baltimore City and extending through largely rural areas north to Pennsylvania. We do not have a school breakfast program. Doctor Dubell, in his statement to the 1979 session of the Maryland Legislature, which I will review, and my summarizing comments will present our reasons for seeking a more innovative solution to feeding the hungry child, for we are deeply concerned that small numbers of children are arriving at our schools without having had the benefit of breakfast.

We are very concerned in Baltimore County with the question of how hungry children should be fed and no one is asking whether or not they should be fed because that answer stands on its own. We all agree that necessity needs to be.

In the judgment of the Board of Education of Baltimore County, there is a more effective method of addressing this problem of feeding hungry children rather than a systemwide feeding program. We believe that the answer for Baltimore County public schools lies in the breakfast committee report which I will review very shortly.

Conversely, we believe the approach which would be mandated by systemwide breakfast programs represents an extreme example of governmental overkill in seeking a solution to a very serious problem.

We recognize that the position that we have taken in Baltimore County is subject to my interpretations. We further recognize that we run the risk of being placed in the light of appearing indifferent or callous to the problems faced by hungry children. Such is not the case. Indeed it would be easier to come to the thinking that massive Government intervention is the only way to go in solving the problem. And we are pleased that the PTA Council of Baltimore County, representing all of the PTA's, several area advisory councils representing the five geographic areas of Baltimore County, many local PTA's, and numerous individuals have expressed support for a more imaginative approach to this problem.

The overriding reasons for pursuing other promising solutions is to prevent further erosion of family responsibility. We realize that there are those who are going to scoff at this expressed concern but we feel we have a heavy responsibility, being school people, to stress the importance of the family unit in the American way of life. We place a great deal of emphasis upon family life in our present curriculum.

It would be extremely egotistical for us to believe children would be more inclined to eat breakfast under our supervision than under parental care. We are not convinced that we should offer breakfast because of an argument presented by one parent that breakfast is a hassle at home. We are not convinced that we should offer breakfast because some children would prefer to eat with their peers or others would not like to eat when they first arise.

We do not want to interfere with traditional family behavior patterns such as gatherings at breakfast for conversation as well as eating.

As a practical matter, legislation requiring school-wide breakfast programs would cause the following adjustments in Baltimore County, a very large county, with very large schools.

All school buses would have to be scheduled to run approximately a half hour earlier. Assuming that we would not take breakfast feeding time out of the instructional day and goodness knows, sir, the instructional day now is short enough and we are moving in a program of forward with basics and need every moment of our time.

Principals throughout Baltimore County are unanimous in their feeling that we could not operate a breakfast program in a shorter time than a half hour.

Second, we would have to employ personnel to supervise both the cafeteria and other portions of the building where pupils are transported to school early. Many of these students would not elect to have breakfast at school and would have to wait until other pupils ate their breakfast.

We have a few further concerns. Many children from families with moderate income yet eligible for free breakfast would not be able to participate in the breakfast program because of their inability to pay. This cost could well mount up. Since then, but as of this date last year, it would have added up to more than $2.25 per child for a family. Many families would be placed under tremendous pressures by their children to make these expenditures in addition to the cost of a lunch. I will discuss in a moment the ways in which breakfast can be financed at home at a much lesser cost.

We share the skepticism of our school breakfast committee that this program can be self-supporting for an extended period of time, in view of cost of supervision ever increasing labor costs, ever increasing food costs, and inevitable request for more ambitious menus.

Experience with our universal school lunch program has dictated we must look to our budget and look very carefully. Further experience has dictated that we must assume austere budget throughout our school system for the foreseeable future. A universal breakfast program would likely require the diversion of funds from other current priorities and we must weigh this request in relation to the basic mission of our school system and the education of our children.

We sense that the vast majority of our citizenry in Baltimore County opposes this program and desires we provide further solutions.

We realize that the legislation would not require a breakfast program in schools where less than 25 percent of children are eligible for free or reduced price lunches under Federal law but believe that is an indefensible position.

If legislation provides the only answer to this problem then it would seem that it is unconscionable to neglect children in a school at the 5 or 10 percent free or reduced-price meal level, or indeed to neglect a single child. Obviously we do not think that legislation is the only answer and we have undertaken to look to what we feel to be an innovative and so far successful program. For the past 3 years the school breakfast committee has studied intensively this problem and has visited school systems that have breakfast and have looked into problems, have looked into the benefits, and has come up with a program recommending and indeed are directing now, through the efforts of the school system, that each local school administer and undertake an intensive program of identification, counseling, and instruction that will have a long-range effect of improving nutrition.

Recent surveys in pilot schools have shown that the children coming to school without breakfast have decreased to nearly nothing and we are just beginning to implement this program. Through habit, building an increased awareness of nutritional values of food that may be available for breakfast, including those not normally considered breakfast foods, and planning of extensive nutrition education programs, it is anticipated a program for hungry children will be greatly reduced.

As I have said, we are beginning to see further results. We do not close the door upon the child who wishes to have breakfast but is financially unable to obtain it. Each school provides an informal feeding program designed to assist these children utilizing such foods as milk, cereals, and peanut butter.

It is hoped and anticipated that education will prove to be a long range answer to this pressing concern and the child who doesn't wish breakfast can be brought to see its importance along with the importance of selecting nourishing foods. He will be less prone to neglect breakfast by choice.

Instructional units are even now being piloted for full implementation next year. We already have a Guide for Good Nutrition that was developed last summer. I could provide copies to the committee. It is being used in every school.

This guide includes suggestions for a motivational campaign that is being conducted through each school and through the media. Breakfast ideas and recipes are provided to the parents, and I heard the mention a moment ago of nontraditional breakfast foods. We are helping people see where this is valuable and children seem to be enjoying these. This guide includes suggestions for specific activities that are used in the school to create both student and parent interest in eating breakfast and in understanding of the significant role that it plays in health.

The education of children is what our schools do best. A traditional role of schools has been that of teaching and strengthening children, helping children to make sound decisions, supporting and promoting the family, the basic building block of society, building and understanding of privilege and responsibilities of citizenship, and building a strong and independent personal character, which is a prerequisite of a strong and independent nation and society.

We believe that education will help children and their families attain goals of personal and family responsibility. To the end that children are fed all year, not just the 180 or more days that school is in session.

It has been found in our school system that the children coming to school without breakfast, as I mentioned before, are a small minority and many of these do not for the convenience of their parents. These cases will and should be addressed through education. Our schools have undertaken to provide advice and assistance to the parents who would like to provide breakfast for their children but find themselves unable to because of financial difficulties.

Many parents have been assisted through public assistance and food stamps, through the efforts of counselors, pupil personnel workers and administrators. These efforts are now being examined, in the Baltimore County school system. A decision to take this difficult route rather than the comparatively easy route of offering a universal breakfast program was made after careful and long consideration and with full awareness of the risk of being callous or indifferent to the needs of children.

Being a school administrator, I can testify to the fact that implementing the requirements of this guide is taking a great deal more time and effort than that of implementing a breakfast program. But we do have a strong concern for the child from those homes where families are at the very low end of the income scale yet fail to qualify for the reduced price breakfast.

It has been said earlier this morning breakfast is a valuable social experience. We ask ourselves can we in good conscience deny the child on the low end of the income scale yet failing to qualify for free or reduced price breakfast, can we deny that child this valuable social experience because his parents can't afford the cost?

Finally, there are some practical considerations. Our food service director states that the cost of breakfast under our present wage guidelines and considering the amount of help that would be required in our large schools, would have to be set at some 60 cents.

If it is set at 60 cents, most of the costs would go primarily toward the purchase of labor and supplies. Only 20 cents would go toward food. We feel that the family could provide a greater variety and abundance of food for the same 60 cents due to the elimination of labor and supplies factors.

Further consideration would be the addition of another program into an already overcrowded day—transportation, logistics that I mentioned, diversion of funds to equip kitchens and supply labor, and the tendency of the program to grow and place increasing pressure upon already very scarce tax dollars.

We do have an abiding concern for the children who need to be cared for through adequate nutrition. We believe that this program, along with those that are being developed and piloted in six pilot schools, given time and support, will work. This program is already in effect as of this year in every school. We are piloting an intensive program for the remainder of our schools that would be implemented during the coming year. We have already seen, through the surveys in the pilot schools, a dramatic decrease in the nonbreakfast eaters through the implementation of the instructional and counseling procedures. We are making a concerted effort to care for those who cannot get breakfast through either of those avenues.

We firmly believe that the problem of the hungry child must be solved. We think that our method has a good chance of doing this, while at the same time strengthening the role of the family through its efforts to fulfill this traditional responsibility.

Thank you for the opportunity of speaking this morning.

[Statement of Dr. Robert Dubel, superintendent of schools, Baltimore, Md., follows:]

Prepared Statement of Robert Y. Dubel, Superintendent of Schools, Board of Education of Baltimore County

At the 1979 session of the Maryland General Assembly, legislation was introduced to make the Federal breakfast program mandatory in schools where 25 percent of the children are eligible for free or reduced price lunches under the Federal law. Our School Breakfast Committee believes that there is a more effective way of addressing this serious problem. We hope that the attached statement will be helpful to the Congressional Committee which is studying this problem.

STATEMENT IN OPPOSITION TO S.B. 354 AND H.B. 277

SCHOOL BREAKFAST BILL - WITH AN ALTERNATIVE METHOD OF FEEDING HUNGRY CHILDREN

Robert Y. Dubel, Superintendent of Schools

February 22, 1979

The basic question raised by S.B. 354 and H.B. 277 is "how" shall hungry children be fed in the morning? No one is asking "whether" they should be fed.

This legislation would answer the "how" question through a massive school breakfast program. In the judgment of the Board of Education of Baltimore County there is a more effective method of addressing this problem. We believe that the answer for the Baltimore County Public Schools lies in The Breakfast Committee Report which is attached. Conversely, we believe that the approach which would be mandated by this legislation represents an extreme example of governmental overkill in seeking the solution of a serious problem. We recognize that the position we have taken is subject to misinterpretation, and that we run the risk, therefore, of being placed in the light of appearing indifferent or callous to the problems faced by hungry children. Such is not the case; indeed it would be easier to succumb to the thinking that massive government intervention is the only way to go in solving this problem! We are pleased that the PTA Council of Baltimore County, several Area Educational Advisory Councils, many local PTA's, and numerous individuals have expressed support for a more imaginative approach to this problem.

The overriding reason for pursuing other promising solutions to this problem is to prevent further erosion of family responsibility. We realize that there are those who scoff at this expressed concern of ours, but we feel that we have a heavy responsibility to stress the importance of the family unit in the American way of life. We place emphasis on family life in our curriculum.

It would be extremely egotistical for us to believe that children will be more inclined to eat breakfast under our supervision than under parental care. We are not convinced that we should offer breakfast in school because as one parent told us "breakfast is a hassle at home," because some children would prefer to eat with their peers, or because others do not like to eat when they first arise. We do not want to interfere with traditional family behavior patterns such as gatherings at breakfast for conversation as well as eating.

As a practical matter, this legislation would cause the following adjustments in our program:

1. All school busses would have to be scheduled to run approximately a half-hour earlier. This statement is based on the assumption that we will not take breakfast "feeding time" out of the instructional day as we have insufficient time now to do as much as we would like to do with our "Forward with Basics" program of instruction. Our principals inform us that anyone who states that we could operate a breakfast program in a shorter time period is being unrealistic.

2. We would have to employ personnel to supervise both the cafeteria and other portions of the building where pupils who were transported to school early would have to wait while the other pupils ate breakfast.

We also have the following additional concerns about instituting a universal school breakfast program:

1. Many children from families with moderate incomes (yet ineligible for free breakfasts) would not be able to participate in the breakfast program because of inability to pay. This cost would amount to more than $2.25 per week per child for a family. Many families would be placed under tremendous pressures by their children to make these expenditures - in addition to the cost of lunch. (Breakfast can be financed at home for a much lesser cost because of the labor factor.)

2. We share the skepticism of our School Breakfast Committee that this program can be self-supporting for an extended period of time in view of costs of supervision, increasing labor costs, increasing food costs, and inevitable requests for more ambitious menus. Experience dictates that we must assume austere budgets for the foreseeable future, so a universal breakfast program would likely require the diversion of funds from other current priorities. This request for a new program must, therefore, be weighed in relation to the basic mission of our school system.

3. We sense that the vast majority of our citizenry opposes this program and desires that we provide better solutions to this problem. For example, the PTA in one of our schools, which has a large percentage of children who qualify for free and reduced price lunches, voted unanimously against a school breakfast program.

4. We realize that this legislation would not require a breakfast program in schools where less than 25 percent of the children are eligible for free or reduced price lunches under the Federal law. We believe, however, that this is an indefensible position. If this legislation provides the only answer to this problem, then it would be unconscionable to neglect children in a school at the five or ten percent free or reduced price meal level - or to neglect a

single child. Obviously, we do not think that this legislation is the only answer or the desirable answer to this problem.

We are in the process of implementing the following recommendations of our School Breakfast Committee:

1. Identification of children who come to school without breakfast.

2. Counseling of these parents on the importance of providing breakfast for these children. (If the problem is financial, we will provide the means to enable a willing parent to feed a child at home. If the parent is unwilling, we really have a more serious problem - child abuse. After all, a school breakfast program would only take care of half of the breakfast problem, because a child is only in school 183 days per year at best.)

3. Providing of breakfast on an informal basis if all other means fail. This can be done on an individual basis; if a general breakfast program is mandated, we must make breakfast available to all children in a school because of Federal requirements.

We hope that we can rise above the emotion of the concern we all have for hungry children to consider the philosophical implications concerning the mission of our school system in relation to the issue of family responsibility. We would welcome the opportunity to meet with members of the General Assembly this time next year to report on the results of our concentrated efforts to meet this challenge. We firmly believe that our approach will be more effective than a mandated program as provided by S.B. 354 and H.B. 277.

Baltimore County Public Schools

Towson, Maryland 21204

MEETING STUDENTS' NUTRITIONAL NEEDS

Submitted by

The School Breakfast Committee

Ms. Sue Fraunfelter
Ms. Betty Bernos
Dr. James Miller
Mr. Stanley C. Smith
Mr. Russell Reider
Mr. Alvan Testoni
Mr. Paul Scott
Dr. Tony Marchione
Mr. Tom Jordan
Mr. William DiStefano
Mr. John Young, Chairman

8/79

FOREWORD

The purpose of the committee was to make recommendations for the implementation of the School Breakfast Committee Report which was received by the Baltimore County Board of Education on February 8, 1979.

Recognizing that students come to school without breakfast for a variety of reasons, this committee has attempted to organize its recommendations around the areas of instruction, identification, counseling, and implementation of an emergency early morning snack program.

The recommendations contained herein provide in-school administrators with procedures for the implementation of an instructional program and a process for addressing the problem of the hungry student.

I. Recommendations Concerning The Instructional Program

	Responsibility	Time
A. Elementary Schoolwide Nutrition Education Program		
1. Use several elementary schools to develop approaches for carrying on a schoolwide nutrition education program with emphasis upon the importance of eating breakfast	Div. of Administration Off. of Elem. Ed. Off. of Health Ed.	Apr.-June 1979
2. Develop a packet of suggestions for carrying out a schoolwide nutrition program	Off. of Elem. Ed. Off. of Health Ed.	Summer 1979
3. Orient principals, assistant principals, and teachers to suggestions for a schoolwide nutrition program	Off. of Elem. Ed. Off. of Health Ed. Div. of Administration	Aug.-Sept. 1979
4. Implement the schoolwide nutrition program in all elementary schools	Local school staff	Sept. 1979
5. Periodically, emphasize the need for eating breakfast	Local school staff	Oct.-May 1979-80
6. Periodically, evaluate the effect of the schoolwide nutrition program on the eating habits of students	Off. of Health Ed. Off. of Elem. Ed. Off. of Research & Evaluation	Oct.-May 1979-80
B. Nutrition Instructional Units		
1. Develop nutrition instructional units for inclusion in the existing elementary school curriculum	Off. of Elem. Ed. Off. of Health Ed.	May-June 1979
2. Pilot the instructional units within selected elementary schools	Off. of Elem. Ed. Off. of Health Ed.	Sept.-May 1979-80

	Responsibility	Time
3. Continue nutrition education throughout the secondary school level	Off. of Science Off. of Home Ec. Off. of Health Ed.	Sept.-June 1979-80

II. Recommendations For the Identification of Students Who Do Not Eat Breakfast

		Responsibility	Time
A.	Self-identification through the use of the school-wide nutrition program	Student Classroom Teacher	Sept.'79 - June'80
B.	Teacher observation	Classroom Teacher	" "
C.	Nurse observation	Nurse	" "
D.	Counselor observation	Counselor	" "
E.	Identification through free and reduced price lunch list	Principal	" "
F.	Information received from home and/or other sources	Principal Asst. Principal	" "

III. Recommendations For Counseling

A.	Several elementary schools to pilot a counseling program	Local School	May-June 1979
B.	Teacher-counseling for those students who frequently fail to eat breakfast	Classroom Teacher	Sept. '79-June 80
C.	Referral to the counselor names of students who consistently come to school without breakfast	Classroom Teacher	" "
D.	Individual and group counseling sessions conducted by the counselor to include a discussion of the importance of nutrition and an assessment of the student's ability to obtain breakfast at home	Counselor	" "

		Responsibility	Time
E.	In-school behavior modification programs	Teacher Counselor Principal Asst. Principal School Psychologist	Sept. '79-June '80
F.	Counseling by the school nurse as a part of the health support activities	School nurse	" "
G.	Organization of parent discussion groups through PTA and/or Title I Parent Advisory Councils	Counselor Title I Resource Teacher PTA	" "
H.	Provision of consultants or speakers for parent discussion groups including but not limited to: nutritionists, physicians, home economics teachers, public health nurses, dairy council, dentists, and PPW	Principal Asst. Principal Counselor Nurse Title I Resource Teacher PTA PPW	" "
I.	Direct contact with the parents to discuss the importance of nutrition, assess the economic need, and determine their willingness to accept assistance	Principal Asst. Principal Counselor Nurse *PPW	" "
J.	Outreach to community agencies to assist parents in obtaining help, e.g. - Social Services, Children's Aid and Family Services, local churches, service organizations, etc.	Parent Principal Asst. Principal Counselor Nurse PPW	" "

* The PPW will be involved after the school has exhausted its resources in dealing with the situation.

IV. Recommendations For Implementation Of An Early Morning Snack Program

The school will provide a short term, emergency early morning snack program for those students who are identified as having an inability to obtain breakfast at home. This inability may stem from social and/or economic needs. Counseling of the parents will begin as soon as the problem has been identified. Appropriate community agencies will be involved if and when practicable.

The school will continue to serve the needs of students who wish to eat breakfast but cannot obtain it at home due to long term problems.

The following steps may be taken in order to meet the needs of the hungry student:

		Responsibility	Time
A.	The school and PTA funds may be used to provide a short-term feeding service as a part of the counseling process.	Principal PTA President PTA Exec. Board	Sept. '79-June '80
B.	The school will advise the parents of the identified students that this temporary service will be provided until the home can undertake its responsibility. The school will advise the parent of the avenues whereby help may be obtained from community agencies.	Principal Asst. Principal Counselor PPW	" "
C.	The school will establish a procedure whereby the identified students may be made known to appropriate school authorities.	Principal	" "
D.	The anonymity of the recipients of feeding service will be respected	Principal	" "
E.	A private location will be established within the school wherein the snack will be served.	Principal	" "
F.	The students who receive this service should be served in a period prior to the beginning of instruction. This service may not intrude upon instructional time.	Principal Students	" "

		Responsibility	Time
G.	Peanut butter, at no charge, and milk, at cost, may be obtained through Baltimore County Public School's Office of School Food Services. The school authority should contact the Director of Food Services in order to make arrangements for this food.	Principal	Sept.'79-June'80
H.	Feeding service will be provided by volunteers and/or members of the school staff.	Principal	" "
I.	In schools where the number of identified students needing a morning snack exceeds the possibility of informal snack service, the principal should contact the Director of School Food Services for assistance. This assistance will be sought only after the school has made a total effort to overcome the problem.	Principal	" "
J.	Morning snack programs might be considered for students on a late lunch schedule.	Principal Teachers	" "
V.	Recommendations For Evaluation of the Attempts to Meet Students' Nutritional Needs		
A.	Survey all elementary schools to determine daily average numbers of students continuing to come to school without breakfast.	Off. of Research & Evaluation	Nov.-Dec. '79
B.	Report from local elementary schools on the provisions made for early morning snack program.	Local School	December 1979
VI.	Recommendations for the Future		
A.	The instructional, counseling, and feeding components of this plan should be implemented on an annual basis.	Local School	
B.	The Breakfast Committee should monitor this plan annually and make recommendations as needed.		

APPENDICES

Summary of the March 1979 Elementary School Breakfast Survey

Average number of students coming to school without breakfast and corresponding number of schools.

Average # Students	# of Schools	Average # Students	# of Schools	Average # Students	# of Schools
1	1	28	4	54	1
2	1	29	2	56	1
3	1	30	3	57	2
4	1	31	3	58	2
6	1	32	3	63	1
7	1	33	1	66	1
10	5	34	1	67	1
11	1	35	2	70	1
12	2	37	3	71	1
14	2	38	1	74	2
15	1	39	2	79	2
16	4	40	4	80	1
17	1	41	1	87	1
18	2	42	4	95	1
19	3	43	1	96	1
20	2	44	5	107	1
21	5	45	3	112	1
23	1	47	2	122	1
24	1	51	1	130	1
25	2	52	1	182	1
26	1	53	1	250	1

Effect of Counseling Upon Numbers of Students Arriving at School Without Breakfast in Selected Schools

Three pilot schools representative of various geographic sections and socio-economic levels were selected in order to test the effects of the counseling activities recommended herein upon the numbers of students arriving at school without breakfast. The results of the survey which was identical to that taken by the Office of Research reflect the effectiveness of the recommendations as a means of reducing the numbers of students who arrive at school without having had breakfast.

	Average Number Arriving Without Breakfast	
	Initial Survey (March 1979)	Following Counseling (June 1979)
School A	21	1
School B	15	6
School C	33	10

Effect of a School-Wide Nutrition Education Program (Emphasis on Breakfast)
Upon Numbers of Students Arriving At School Without Breakfast
In Selected Schools

Six pilot schools representative of various geographic sections and socio-economic levels were selected in order to test the effects of the nutrition education activities recommended herein upon the numbers of students arriving at school without breakfast. The results of the survey which was identical to that taken by the Office of Research reflect the effectiveness of the recommendations as a means of reducing the numbers of students who arrive at school without having had breadfast.

	Average Number Arriving Without Breakfast	
	Initial Survey (March 1979)	Following Instruction (June 1979)
School A	182	26
School B	95	45
School C	250	44
School D	112	25
School E	74	22
School F	71	20

Chairman **Perkins**. Thank you all for your appearance here this morning. I am sure the members have some questions.

Now Mr. Young, is the Baltimore County nutrition program providing breakfast for those children whose families are unable to provide breakfast for financial reasons?

Mr. **Young**. As I mentioned a while ago, we are conducting in each school an informal feeding program. The school system has been able to provide some foods to the schools at its own expense and the principals, counselors, and nurses have this food on hand in the schools, and any child who wishes to see the nurse, for any reason—because we do have school nurses in our schools—go to see the nurse and if the child indicates that he hasn't had breakfast, she sees that the child gets the breakfast.

Chairman **Perkins**. Don't you think it is very beneficial for the Government to reimburse your school system for children who really need breakfast; their mothers are working and are unable to purchase any breakfast; and don't you think it is very worthy for the school people to make sure that all of these children have breakfast? And for that reason, I am asking you if it is not good policy for the Government to reimburse these school systems under such circumstances?

Mr. **Young**. If the school has a universal breakfast program, it would be my opinion that certainly it would be a good policy for the school to reimburse. I fail to understand the first portion of your question when you said that for the mothers who are working and are unable to provide or unable to afford breakfast for their children. Are they unable to afford breakfast because they are low income employment, or is it because——

Chairman **Perkins**. There may be other reasons. They may have gotten out of bed too early and it is too early for them to eat, and nutrition is very important for that child during that day in his——

Mr. **Young**. We agree with that. We feel that, however, that the family does have a responsibility in this area and that the responsibility of the mother, if she can afford breakfast, is to feed the child, and the school system at this point has not felt that that is its responsibility to take care of the child where the mother is working and earning perhaps a very good salary. But as you mentioned, if the mother didn't, or was unable to get up in time to take care of that need, that is where our counseling process does come in and we have talked to a number of parents and that is, I guess, why we are finding a reduction in the number of children who are coming without breakfast.

Chairman **Perkins**. Do you have any information about the number of single-parent families, families where both parents work, and who leave the home before their children in the morning?

Mr. **Young**. I do not have at this moment any such information, Mr. Perkins. I am not sure, but I do doubt that the school system has this information. But I cannot speak with authority on that because I don't know whether it has that information or not.

Chairman **Perkins**. We have heard from Ms. Hess that many principals and teachers in Michigan saw a need for breakfast at school but did not feel free to voice their support for the program.

Would it be possible in Baltimore County for a principal to favor starting up the program in one school without advocating that it be implemented county-wide?

Mr. Young. At the present time, our school system has taken the stand that it would need to be a county-wide program. However, it is still being studied and the breakfast committee is still in operation. I can't speak for the future.

Chairman Perkins. Are there many children who have long bus rides to school in Baltimore County; and if these children eat breakfast before they get on the bus, how long will they have to wait before the first lunch period?

Mr. Young. Many of our students are transported, I should say, the vast majority are transported. Few of them are riding more than a half hour.

Chairman Perkins. Ms. Hess——

Mr. Young. Lunch service starts in the larger elementary schools at approximately 11 or 11:15 in the morning and concludes at approximately 1 to 1:30. In the high schools it starts at about the same time.

Chairman Perkins. Well, now, Ms. Hess, in what way has the State department of education discouraged expansion of the school breakfast program in Michigan?

Ms. Hess. In what way have they discouraged expansion?

Chairman Perkins. Discouraged it.

Ms. Hess. I think, Mr. Chairman, that some of their discouragement has been by their attitude, the fact that they do not personally support the breakfast program, want to see quality lunch progra[illegible] in 100 percent of the schools before they start talking about the [illegible]kfast program, have not provided the technical assistance on th[illegible]reakfast program that is really necessary.

I think the promotional effort that they have made is similar to what Mr. Russell said is going on in Maine, and that is maybe a communication to school superintendents once, at the most twice a year, and one article in the school food service news talking about the breakfast program. It was a considerable battle to get them to even recognize the fact that there was a severe need ratio available to the breakfast program. They did not make this information available extensively.

Just in terms of collecting data as I mentioned before, it is difficult for them to know who even has a breakfast program, where the needy students are, and then again, just generally providing good solid information to the school districts and also an unwillingness to work with community groups, to give them the kind of support that they need in order to promote the breakfast program.

Chairman Perkins. Now, how could the State department of education in Michigan encourage the expansion, in your view, of the breakfast program?

Ms. Hess. I think they need to do a promotional outreach effort similar to what we all had hoped would take place with the food stamp program for several years. I think there needs to be specific money earmarked for outreach and this money should either be used by the department of education for the effort or that it be channeled through the department to community groups.

I think that the the department needs to make available a considerable amount of information on the operation of the breakfast program. Again some of the problems that Mr. Young is addressing are the ones that we have heard over and over again. Yet when we sit one food service director who is opposed to the program, down with one whose supportive of the program, and has one in operation the hospitality and resistance seems to melt because they see indeed how the program nationally operates. We think that the department of education can foster and facilitate that kind of a buddy system.

Chairman **Perkins**. All right, let me ask you one more question. How could, in your judgment, stricter enforcement of the provision of title I of the Elementary and Secondary Education Act bring about an expansion of the breakfast program?

Ms. **Hess**. Right now, the title I provision requires coordination and utilization of all resources available that would help the children. There is money available for the breakfast program. If title I schools were required to fulfill that provision, to indeed utilize all resources, then they would automatically have a breakfast program. It is a question of interpretation and enforcement of the provision that I believe leaves the door open for getting the breakfast program in all title I schools.

Chairman **Perkins**. Let me ask the witness here what are the problems in the local school district that are impeding the breakfast program and what more can be done at the Federal level to bring about the expansion? All you ladies comment on it

Ms. **Webb**. Well, I think that inertia on the part of school service directors is certainly a large part of the problem on what you could do. I think there have been many suggestions, one Ms. Hess has made. I made one suggestion about the commodity program. I wish we had commodities that were strictly for breakfast and people couldn't have them for lunch and that might be a reason for them to institute breakfast programs, if they could get really good food, sausage things like that, that might be very helpful in the program. That might be a carrot sort of.

I am sure that everybody in the State of Connecticut doesn't know about the severely needy rates being available. I think this idea of the buddy system is awfully good and I talk to people about my breakfast program they say fine, and we have invited people to the school system, and we have had a number of schools like in Windsor and so forth, that I have started programs after seeing ours.

Chairman **Perkins**. Do you care to comment on it?

Ms. **Ahuja**. I think Mrs. Webb has already said—and some of the suggestions that she has mentioned are very good—but I think we do need a mandate for title I schools because the children coming to these schools really come from low-income families and these families have very limited money. They can't even afford to budget because the amount is so small and very frequently they have to make choices which are not even choices, like whether they are supposed to heat the house or supposed to pay for the food.

I think if the Federal Government did pass this mandate it would help many children that are going hungry right now in the morning.

Chairman PERKINS. Either one of you other witnesses care to comment?

Ms. HESS. I think one that has just been touched on briefly that I would like to even reinforce is, please don't let anyone fool around with the school lunch program, don't let them cut the money for the paying children. If the school lunch program is the fair haired boy of the school district, if that program is tampered with, they are going to be more hostile toward the breakfast program and they are going to see the fear that what the Federal Government giveth, the Federal Government taketh away and they are going to be more reluctant because they are going to feel that if the Federal Government provides the money now for the breakfast program, what is to keep it a year, 2 years from now, after heavy investment in equipment, and establishing the program, to reduce the amount of funds available and to put those costs back on the States and the local districts.

Chairman PERKINS. Mr. Young, do you care to comment?

Mr. YOUNG. We have often said in Baltimore County that we would have no objection, in fact we would support any sort of legislation that would require a school system to undertake to meet the needs of hungry children. We plead, on the other hand, for flexibility in doing this and there certainly could be on the part of the Federal or State governments a monitoring of activity to assure that something viable, other than words, is being done to assure that this problem is being overcome as much as it can be overcome.

Chairman PERKINS. Mr. Kildee.

Mr. KILDEE. Thank you, Mr. Chairman. I would like to first welcome Ms. Laura Hess before this committee again. We have worked together. She has worked with many members of the State legislature to enact some meaningful programs in Michigan.

Ms. Hess, you mentioned that the USDA efforts for promotional activities in Michigan have been minimal at best. Could you describe briefly what they have done in the area of promotional activities on the school breakfast program?

Ms. HESS. Nothing.

Mr. KILDEE. So its very minimal. It is nonexistent?

Ms. HESS. We have heard they have been doing wonderful things in the Washington, D.C., area and we are kind of jealous of school systems around here. We would like to see it in Michigan or through the national or regional office.

Mr. KILDEE. I believe we are going to have the USDA before us tomorrow on that very important point, so I will see what I can do to replicate what they are doing here in other parts of the country, particularly Michigan.

Mr. Young, you mentioned that you have available at school in the nurses office something to take care of the needs of children if they feel that they need help. Aren't you really saying that the nutritional needs must reach the level of a medical problem before the child gets help? When you have to go to the nurses office to get food, you are really going there for medical reasons. Aren't we a little tardy perhaps——

Mr. YOUNG. No; we are going to the nurses office in our schools—let me go back to the fact that nurses do not provide medical services in our schools. They are there as a service to assist parents with any——

Mr. **Kildee.** I recognize they can't perform surgery, but they are not there to mop the floors either. They are there because they are nurses, nurses in simple layman's terms assist with health needs.

Mr. **Young.** That is right. Nutrition is a health need.

Mr. **Kildee.** I don't need any education on that. I taught school for 10 years, people went to the nurse for medical reasons.

Mr. **Young.** That is true.

Mr. **Kildee.** Then we shouldn't argue on that point.

Mr. **Young.** I am not, we encourage any child who feels that he would like to have breakfast, to go to the nurse because that is the way to maintain anonymity of those children. Further, they don't have to go to the nurse, in some schools counselors do it. It is up to the local school whether a nurse does it, or a counselor or secretary in the office, whichever one is available.

Mr. **Kildee.** I taught school. I fed a number of students. It was incidental. But my point is, that students tend to go to the nurse for medical reasons.

Mr. **Young.** I don't admit that, because I have seen to many students go to the nurse just to talk with her, for instance about things that have happened the night before, maybe concerns in some schools we have some benevolent-type nurses who are good at listening, and I don't admit to that being the reason. They feel free to go to some nurses. If they happen in a particular school, or where the administrator feels free to go to the secretary, perhaps he sets it up where the secretary is doing this. In many schools it is the nurse. In some it is the counselor. So there is no uniformity here.

Mr. **Kildee.** In Michigan we—I was chief sponsor of the Nurses Counselors Act—in which the nurse acts also as a counselor. But in fact I have to live in a real world, and in the real world, you don't find a lot of students going to the nurse to chat. A lot don't go even when they have a medical problem because they have to take that additional positive effort to do that and very often will not do it.

I would think that that does indicate that perhaps you aren't reaching those who do have a nutritional need. That is my only point.

Mr. **Young.** We hope we are, we cannot be sure that we are reaching every single child. I am not sure we would reach them if we had a universal breakfast program because, as I mentioned earlier, there are some that I am afraid are not eating in the school lunch program. I could think right now of some specific children who really are at the very minimal income level but do not quite qualify for free or reduced priced lunches. I know of such children. I could name some. And we are not meeting them, because they just don't quite qualify yet their parents are faced with many expenses, heat, gasoline, high inflation, and these children are unable to have the benefit of the school lunch because they don't qualify for a reduction. So we do lose some, I am afraid.

Mr. **Kildee.** School administrators in Michigan opposed Public Act 198. Public Act 198 mandated special education for the physically and mentally handicapped. They opposed that with about the same degree of fervor as they have opposed nutritional programs.

So I am sure that in the first instance when they opposed Public Act 198 it wasn't because of their concern for what it may do to the family.

Generally school administrators probably like any other administrators have a certain reluctance to accept new programs. There is a certain fear of the unknown. I just recognize you as being a person of goodwill, but I think all of us have to look to see whether we are just merely resisting something because it is new and maybe are trying to find reasons for that resistance. Many of the innovative programs were fought by the school administrators and school boards because it was a new responsibility. I can understand the human reaction to that.

But at the same time, those of us who are lawmakers, those of us who have to look at the general needs, the overall needs, and don't have the narrower vision of the administrative roles imposed upon us, have to look at those broader needs. Very often we have to tell various departments, educators, certain things should be done. We have to tell the highway department that the end-all isn't to cover with asphalt and concrete everything they can find.

We have the broader view of the needs of society, and I think that one of the problems in government is compartmentalizing. People tend to develop narrow vision.

I have always felt that a legislative body has to have the broader vision, try to have that broader vision and look at the broader needs of society, rather than to let the highway department decide unchecked to change a two-lane road into an eight-lane road because it will move more vehicular traffic because they think in terms of vehicular traffic. Sometimes school people have limited vision also. I think we have to try to broaden that vision.

Mr. YOUNG. I couldn't agree more and that is why I feel we have representative government and hope we continue to have that.

I should say in defense of the Baltimore County school system it did not resist special education. In fact, it was known throughout many subdivisions on behalf of children in need of special education early, before some of the Federal laws we presently have in self-contained classes, 3,600 special education children, we have seven special education schools, many of these existing before a Federal law went into effect.

As I tried to point out—perhaps not too well—that we have put forth a great deal of effort during the past 3 years to meet the nutritional needs of children. We think that we are doing it. We have some statistics to prove that we are. And as Dr. Dubell mentioned in his statement, it would have been much easier to take a universal approach, feed every one, it would have been much easier. Our question is, would it have been the best in view of the success of what we feel we are going to meet through our present efforts and we have not sat aside in Baltimore County and said we are unconcerned about the children who are coming to school without breakfast. That is why we have, through the past 3 years, worked on this problem, worked diligently and come up with the programs that we have.

Mr. KILDEE. I sincerely commend you for what Baltimore County has done in the area of special education and I sincerely appreciate your testimony here this morning.

That is all, Mr. Chairman.

Chairman **Perkins**. Mr. Erdahl.

Mr. **Erdahl**. Thank you, Mr. Chairman. I, too, want to thank the panel today for being with us this morning. I think we have had a couple different viewpoints expressed well. It is good for us to hear those viewpoints from both sides of the issue.

One thing we have heard today, just to make a couple observations, is the view in this committee and this Congress to sustain the school lunch program. I think you are aware, as we are, of the mood of the present administration to cut back on that. It certainly doesn't give anyone much encouragement to expand it into some areas where people consider it a new program. But hopefully in this whole consideration that we will remember, the importance for good nutrition for schoolchildren. To me as a new Member of Congress I am especially appreciative that we have had the appearance of the advocates of a good breakfast program, and also the appearance of one from the administration pointing up some of the difficulties, at least as he and some other people view them.

I want to thank the panel. I have no specific questions at this time, Mr. Chairman.

Chairman **Perkins**. Any further questions?

Let me compliment this entire panel for your appearance today. You have been very helpful to the committee. We appreciate your coming.

Personally I want to see the breakfast program expanded much more. I would like to see many more times the number of youngsters, schoolchildren, participating in the breakfast program and I think these hearings are very constructive. We want to work with you and any time that you have any suggestion to give the committee, we will appreciate hearing from you witnesses.

The hearings will now adjourn until tomorrow morning at 9:30 at which time we will resume the hearings.

We thank all of you for your appearance. Some of you have been before the committee before and I am delighted to see you back again. I will be looking forward to seeing you sometime in the future. I thank all of you.

[Whereupon, at 11 a.m., the subcommittee was adjourned, subject to the call of the Chair.]

OVERSIGHT HEARINGS ON THE CHILD NUTRITION PROGRAMS

Expansion of the School Breakfast Program

THURSDAY, NOVEMBER 8, 1979

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 9:30 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins, chairman, presiding.

Members present: Representatives Perkins, Goodling, Buchanan, Kildee, Murphy.

Staff present: John F. Jennings, majority counsel, and Richard Di Eugenio, legislative associate.

Chairman **Perkins**. Good morning. The hearing will come to order.

Our first witness this morning is Ms. Margaret Glavin, Director of School Food Programs of the Food and Nutrition Service of the U.S. Department of Agriculture.

STATEMENT OF MARGARET GLAVIN, DIRECTOR, SCHOOL FOOD PROGRAMS, FOOD AND NUTRITION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Ms. **Glavin**. Mr. Chairman and members of the committee, I am Margaret Glavin, Director, School Programs Division, Food and Nutrition Service. I am pleased to be here today in response to your request to discuss expansion of the school breakfast program.

Thank you for this opportunity to discuss the progress of the school breakfast program.

School breakfasts are now available to approximately 12 million children, and the number of children eating breakfast at school each day has risen from 2.8 million a year ago to 3.4 million today. Between March 1978 and March 1979, 6,000 schools and institutions joined the program, a 25-percent increase.

Nevertheless, in contrast to the 94,500 schools taking part in the national school lunch program, 30,500 schools take part in the school breakfast program.

The Agriculture Department has taken a number of steps over the past year to carry out the intent of Congress, as expressed in section 4g of the Child Nutrition Act of 1966, as amended, that schools should provide breakfast wherever children need it for adequate nutrition.

In the past, a number of factors have slowed our efforts to reach all the Nation's hungry and needy children with school breakfast service.

Governments at every level are concerned about holding down costs, and local jurisdictions are reluctant to start any new program without a guarantee that no local costs will be incurred.

Schools are fearful that breakfast will create problems of scheduling, transportation, and staffing.

Communities and schools often receive little information on program costs, and on how successful programs operate.

Finally, some schools and parents resist the idea of schools assuming a responsibility they believe should remain in the home.

These are real obstacles, whether material or philosophical. Today I want to discuss with you our progress in addressing these barriers, and our plans to continue to make the breakfast program better understood and better utilized.

Regulations to encourage breakfast. Schools in special need of a breakfast program have always been entitled to extra Federal funds to offset the cost of preparing and serving breakfast. Despite this fact, the funds have not been widely used. During the 1978-79 school year, for example, only 28 States actually paid the additional funds to some of their breakfast schools. In several of these States, only a handful of schools received the funds.

New regulations issued in August set minimum standards as prescribed by Public Law 95-627, for determining which schools qualify for extra funding because of severe need. According to these national standards, schools may receive the extra funds if regular reimbursement does not cover their breakfast program and if they are required by State law to serve breakfast; or if they serve 40 percent or more of their lunches free or at reduced price.

Also, the Department requires yearly State plans to show what is being done to encourage and expand the breakfast program. States must estimate the number of schools that need but do not have a breakfast program and their daily attendance. As a minimum, this includes schools where at least 25 percent of the enrollment is eligible for free and reduced price meals. They must include a plan of action to encourage and expand the breakfast program in these schools.

State agencies now send all nonparticipating schools information on the breakfast program twice yearly, and discuss it during their visits.

Finally, recent regulations make it easier to give help to schools that need equipment to start a breakfast program. When schools have signed a letter of intent to start a program, they now become eligible for reserved food service equipment assistance funds and have a priority claim for unreserved funds.

Intergovernmental and public/private cooperation. To be effective, these new incentives must be matched by an effort to enlist the active support of administrative officials at all levels, and to fully inform the public of the benefits and the operation of school breakfast programs.

The success of outreach efforts depends on close Federal, State, and local cooperation. To develop models for this cooperation, 19 States, representing each of our regions, have agreed to work with national and regional staff and with community groups to expand breakfast participation.

The projects undertaken include public information efforts, preparation of feasibility studies for specific districts, contacts with State departments of health and social services, and professional organizations to expand the base of support, and statewide steering committees for breakfast outreach activities.

In addition to targeting States for special outreach efforts, the Department has awarded $230,000 in grants to nonprofit organizations under section 18 of the Child Nutrition Act of 1966. Under these grants, groups in six States will develop and conduct outreach projects over the next 13 months which will serve as models for future Federal, State, and local efforts.

Also, 4 of the 20 State projects which are part of a cooperative agreement between the National Congress of Parent and Teacher Associations and the Department will focus on the involvement of parents in improving and expanding the school breakfast program.

A continuing national priority. In planning policies and activities, we have worked closely with regional offices and state agencies, and consulted with such groups as the Parent Teacher Association and the Children's Foundation.

At the same time, we believe that strong national leadership remains essential if the breakfast program is to make its full contribution to improved nutrition.

The Department will continue to promote school breakfast through a variety of media including magazines, newspapers, and radio. We will seek to enlist the active support of national organizations and of individual school administrators. We will provide a communication link to enable school administrators and teachers who report positive results from the program to share their experiences, and their techniques with schools that want to know how it would work for them. We will provide materials and strategies to help regional, State, and community groups conduct their own efforts.

Through guidance and monitoring from the national level, and the continued efforts of State agencies, national and local advocacy groups, and individuals at the local level, we look forward to continued growth of the school breakfast program.

Chairman Perkins. That is a good statement. Thank you very much.

The next witness is Mr. Charles Nesbitt, from the Alabama Coalition Against Hunger.

Go ahead, Mr. Nesbitt.

We will hear from all of the panel before we question.

[The prepared statement of Charles Nesbitt follows:]

Prepared Statement of Charles Nesbitt, Outreach Coordinator, Alabama Coalition Against Hunger

BACKGROUND

The Alabama Coalition Against Hunger, is a community organization and advocacy group sponsored by the Alabama Council on Human Relations. Composed of more than 18 organizations ranging from self-help to civil rights, Alabama Coalition Against Hunger is seeking to eradicate hunger and malnutrition through a cooperative effort. Since 1976, Alabama Coalition Against Hunger has been involved in an effort to expand and upgrade the seven federal feeding programs. Over the past 3 years, Alabama Coalition Against Hunger, through advocacy, outreach activities and community organization efforts, has added more than 300,000 persons as participants in the federal nutrition programs; while over 40,000 of these persons are children participating in the school breakfast program.

Alabama Coalition Against Hunger's efforts with regards to School Breakfast have involved several aspects; including grassroots outreach campaigns and informational campaigns. My testimony today reflects our experiences, both negative and positive in the suggestions and recommendations we offer on the issue of expansion of the School Breakfast program. Since the School Breakfast program has been in existence for more than 12 years and still less than 26 percent of our nation's schools participate and in Alabama less than 45 percent; the foremost question is why hasn't it expanded and how do we change this. In seeking to answer these questions we must look closely at the program, from inception to present, in terms of the roles that Congress, U.S.D.A., educational institutions, and advocates have played in making the program available.

CONGRESS

In 1966 Congress approved the School Breakfast program on a pilot basis; saw that it was good and in 1975 gave it permanent status and unlimited funding. Since the program was given permanent status, Congress has been involved in a key issue surrounding expansion of School Breakfast; a mandate. The arguments over the issue pro and con are numerous, but at the time when a mandate was debated some of the negative aspects took precedent over the positive with regards to legislation and no mandate was approved. But out of the debate over a mandate, concern for expansion of the program surfaced in the form of incentives. Thus our present legislation attempts to offer a palatable package that will entice school districts across the country to drop their well worn excuses and accept the breakfast program.

While this is good in theory and will succeed to a small degree, this alone will not make breakfast available to the millions of children in this country who go without a nutritious breakfast or any breakfast at all. Congress must play a greater role that in the past and there are several alternatives available:

(1) Mandate; without a doubt, a mandate is the strongest approach to take in making clear the importance of the school breakfast program. What the mandate addresses will obviously have a proportional effect upon increased participation. With that in mind, Congress should closely examine areas to be addressed in a legislative mandate and seek to develop a proposal that will expand the breakfast program; but most importantly, one that will become law.

The obvious area to be addressed in a mandate is the percentage of children receiving free and reduced price lunches; but any future proposal should go beyond this. The reason being that one barrier to expansion of the breakfast program is that many people view it as a poor person's program; while a large number of those who could and do benefit from the program are not necessarily poor. The Breakfast Program must be seen as an effort to improve the nutrition intake of all of the school children in America; thus any future proposal should address the percentage of participation in the school lunch program with regards to average daily attendance. Future action in Congress should address the need to reach a target population consisting of those children who do not receive a nutritious breakfast before attending school.

Any future action in Congress should also address the need to solicit and utilize the input of those potentially benefiting from the program: parents; school personnel and students. This need can be addressed through the use of surveys as a determining factor in any school's choice of whether or not to implement a breakfast program. But this survey should be done on a population that has general knowledge about the breakfast program, supplied by the school system. (This could be a part of required input in the school meals program).

(2) In the past, the burden has been on those in favor of the school breakfast program to prove why a school or school district should implement a breakfast program. Congress, through legislative action, should place the burden on all school systems to evaluate their capabilities for implementing a breakfast program and to prove why they cannot do so, if they so claim. In addition, school systems should be required to develop a plan, in conjunction with state educational agencies and U.S.D.A., that will result in implementation within a set period of time. The

implementation of the breakfast program should be developed as a part of an overall nutrition education program designed to improve the nutrition intake of school children.

U.S.D.A.

Since 1966, U.S.D.A. has promulgated regulations on the School Breakfast Program and held responsibility for general administration on a national and regional level. Inherent in this responsibility is the necessity to reflect congressional intent in the promulgation of regulations and subsequent enforcement. Although the assumed congressional intent, that of insuring nutritious meals for school children, amoung other things is clear, U.S.D.A has merely been a channel for administration of the Breakfast Program. With no expressed requirement of participation for schools, U.S.D.A. has had no means of insuring the availability of breakfast to those children who need it. Although the Department has promulgated regulations concerning state plans of operation, the process has been a mere formality in many states; especially Alabama. State plans of operation have been approved seemingly with very little though about their lack of sufficient expansion activities. Once approved, the state plan has not been monitored for achievement of those few goals set with regards to increasing participation in the School Breakfast program. U.S.D.A's approval time and time again of inadequate state plans have alleviated states of their responsibility to develop methods for expansion into the breakfast program.

Alabama was allowed to target schools for expansion into the breakfast program, that had served breakfast the previous school year. In no year to our knowledge has the state met its low goal for expansion of the school breakfast program and still no definitive action was taken until the plan was obtained under the federal Freedom of Information Act and objected to by anti-hunger advocates. However, U.S.D.A. officials out of an expressed concern for expansion of the school breakfast program have played an intermediate role in resolving problems encountered by the Alabama Coalition Against Hunger in advocacy efforts with the state educational agency. The willingness to become involved in active efforts to expand the breakfast program in Alabama show concern on behalf of some U.S.D.A. officials for their responsibility in the effort to make the program available. The awarding of School Breakfast outreach grants to non-profit groups other than educational agencies opens a whole new area ot be looked at in terms of expanding the School Breakfast program.

This kind of effort by U.S.D.A. will enhance any other efforts that are made to expand the school breakfast program, but limited assistance in outreach activities such as the above will yield a limited number of schools implementing the breakfast program. The Department of Agriculture must seek to develop other proposals as well as to expand the pilot outreach project.

EDUCATIONAL AGENCIES

It is obvious, that the state educational agency has failed in its responsibility to make school breakfast available. Each year the state has developed a plan of operation that has shown an apparent lack of concern for expansion of the school breakfast program. Even efforts to educate school boards and school administrators about School Breakfast have been very lacking. School officials across the state have inaccurate conceptions of operation of the breakfast program.

School boards frequently make negative decisions on the implementation of the breakfast program based on inaccurate or limited information. The state agency has not only developed inadequate state plans, but has refused to provide the document for public inspection and comment. The state should be required to hold public hearings on these state plans.

Most advocacy efforts have been met with a hostile reception. As mentioned previously the state agency has used participating schools as targets for breakfast expansion and still only succeeded in expanding the program to little more than half of the 73 schools targeted. The state agency has encouraged the hostility of local school boards through supplying inadequate information that conflicted with accurate material on the breakfast program supplied by advocates. This have given local school boards and superintendents additional excuses for not making the breakfast program available, which makes efforts of parents and community people futile; in situations where concerned parents have urged local school boards to implement a breakfast program, no assistance has been received from the state agency.

But the major problem in expanding the breakfast program arises out of a lack of concern and apathy on the part of local school systems. Very often school boards that reject the breakfast program are composed of members whose children attended private academies and therefore see no need. The rigid control exercised over school systems in Alabama neither solicits nor accepts input from parents, students or concerned citizens in a large number of the school systems. The excuses offered for not implementing school breakfast are echoed by school boards and superintendents across the state of Alabama.

ADVOCATES

Until 1976, no coordinated or organized efforts had been made in Alabama with regards to expanding the school breakfast program. Since that time, the Alabama Coalition Against Hunger has continued efforts started on a small scale by a self-help organization. Organizing campaigns and informational campaigns have been implemented that have significantly raised the participation in the school Breakfaast program as well as the consciousness of Alabamians. But from the first effort to the last, we as an organization have faced hostility and opposition from school superintendents or school boards, which made it necessary to implement grassroot campaigns designed to educate parents and concerned citizens and organize them to make requests for the breakfast program. In many cases, the campaign has fully succeeded and in others they have not. For example, the superintendent of the Auburn City School System met with a group of parents and citizens who formed a school breakfast committee and insured them of his support of the breakfast program and willingness to work with the group. A newspaper article a week or so later detailed the superintendent's presentation of why the breakfast program was not logistically feasible. In the subsequent board meeting, the breakfast committee made a presentation and requested implementation of the breakfast progrm. Arguments were heard from both sides (one being the breakfast committee; the other being the superintendent and the School Food Services Administrator) and the matters was tabled for consideration. After a great deal of pressure and publicity the superintendent made a recommendation to implement the program in the city's two middle schools only and that all children arriving at school between 7:30 and 8:00 would have an opportunity to participate and the remaining students; especially those riding the latest bus would not. This recommendation was adopted irregardless of objections posed by the school breakfast committee. Since then, the program has been terminated after two month's operation for less than a $200.00 deficit; reinstated after citizens pressure and fund raising; and now seems to be working fairly well. News articles on this effort and others are included to show what efforts have been made to expand the breakfast program.

SUMMARY

As should be obvious from the general text of my testimony, I firmly believe that there is a need for a school breakfast mandate. Not that this will ever expand the breakfast program to all of those schools required to participate. Many school systems in Alabama will seek means to defeat the purpose of such legislation. This does not mean that a mandate would be a fruitless effort; rather, it means that a mandate alone will not make school breakfast available. On the contrary, however the lack of a mandate is a barrier to expansion of school breakfast. For in Alabama, where only 42 percent of the eligible schools participate, it took 3 years of advocacy and community organization to add to the less than 35 percent that participated in 1976. The effort involved everything from media campaigns to raising funds to support a program terminated for a deficit of $300, caused by uncooperative administration of the breakfast program. The news articles attached to my testimony bear witness to this.

In addition to mandating participation in the breakfast program, congress must make it an integral part of the nutrition education effort, for it is fruitless to teach the importance of breakfast and good nutrition with one program (N.E.T.) while withholding the opportunity to obtain the same through another program—(School Breakfast).

The focus of this effort must be directed towards improved health for all school children who do not get breakfast. School breakfast must be debated on as a nutrition program and not as a poverty program.

Once a mandate is passed, U.S.D.A. must fulfill its responsibility to adequately promulgate and enforce regulations, so with any mandate must come the power to enforce and the directive to utilize that power to expand school breakfast. There is no doubt that advocates must continue to monitor, advocate, organize and educate with regards to school breakfast. Being a recipient of a grant for a demonstration outreach project will enable us to expand the breakfast program, so efforts of this sort should be supported and expanded.

Offering incentives to school systems, funding demonstration projects and monitoring state agencies efforts with regard to expansion will be helpful over the next coming years. But all of us who are working towards making the program available to all needy children in Alabama, need more to work with when faced with school systems that inadequately serve their communities.

We must also recognize that there are things being considered that could cripple any efforts to expand the school breakfast program. Any negative action with regards to either of the school meals programs would arm some school boards and administrators with another excuse not to consider implementing school breakfast and others with an excuse to drop the program. Again I cite the Auburn City School System as one example. Any cut in support such as the proposed section 4 cut could reduce participation in the lunch program. Even if this were only a slight reduction many schools would refuse to take on another program or continue beyond the required school lunch program.

With enough funds and resources, advocates in Alabama could make school breakfast available to all of the needy children in the state over a period of 10 years or more. A mandate with regards to school breakfast in addition to adequate regulations and the effort of advocates could make the program available in less than half that time. Anything short of this done in a piece-meal fashion will never achieve this goal.

In concluding I reiterate our recommendation that Congress should:

1. Mandate participation in the school breakfast program based on school lunch participation relative to average daily attendance. At a minimum all Title I schools should be required to serve breakfast.
2. Required public input on the information of state plans of operation.
3. Required school systems to show why breakfast is not feasible and develop a plan to eliminate barriers with a set time frame.
4. Have no cutbacks in school meal program.
5. Provide U.S.D.A. with clear enforcement power and direct them to utilize it to make school breakfast available.
6. Focus on school breakfast as a nutrition rather than a poverty program.
7. Expand School Breakfast Outreach Projects.
8. Require input from parents, students, school personnel and concerned citizens in any decision made whether or not to implement a School Breakfast Program.

STATEMENT OF CHARLES NESBITT, OUTREACH COORDINATOR, ALABAMA COALITION AGAINST HUNGER

Mr. NESBITT. Thank you very much, Mr. Chairman.

On behalf of the Alabama Coalition Against Hunger, I would like to thank you for this opportunity to testify with regard to school breakfast expansion.

I am the outreach coordinator for the Alabama Coalition Against Hunger, which is a community organization and advocacy group sponsored by the Alabama Council on Human Relations. Composed of more than 18 organizations ranging from self-help to civil rights, Alabama Coalition Against Hunger is seeking to eradicate hunger and malnutrition through a cooperative effort.

Since 1976, Alabama Coalition Against Hunger has been involved in an effort to expand and upgrade the seven Federal feeding programs. Over the past 3 years, Alabama Coalition Against Hunger, through advocacy, outreach activities, and community organization efforts, has added more than 300,000 persons as participants in the Federal nutrition program; while over 40,000 of these persons are children participating in the school breakfast program.

The following headline showed the beginning of the statewide school breakfast campaign. It increased the number of schools participating by 7 percent. The first article is from the Birmingham Post Herald, dated June 7, 1978, entitled "State Apathy on School Breakfasts At Schools Hit". The next article is an editorial in the Birmingham Post-Herald from June 8, 1978, entitled "Check It Out". The next article is from the Montgomery Advertiser, July 30, 1978, entitled "You Can't Teach A Hungry Child". The last article is from the Social Work Network, September 1978, entitled "State Group Moves to Expand School Breakfast Program".

Our efforts with regard to school breakfasts have involved several aspects, including grassroots, outreach campaigns, and informational campaigns. My testimony today reflects our experiences, both negative and positive, in the suggestions and recommendations we offer on the issue of expansion of the school breakfast program.

Since the school breakfast program has been in existence for more than 12 years, and still less than 26 percent of our Nation's schools participate, and in Alabama less than 45 percent participate; the foremost question is, why has it not expanded and how do we change this? I think in terms of trying to find where the problems have been, we look at Alabama and see one of the biggest problems has been with our State educational agency.

In the past, they have submitted plans of operations to USDA which have been approved, which have not had any concern for expansion of the breakfast program. To cite one example, a plan was approved in which 73 schools were targeted to be expanded into the breakfast program. Over half of these schools had participated in the program the previous year. Our last year, we were very much pleased with the thought that there might be a breakfast mandate approved so that we would have some need to fight the battle in terms of trying to make the program available for all kinds in the State of Alabama.

Unfortunately, that did not happen. What did happen was, out of this came incentives for the school system to start a breakfast program. However, I don't think that that is going to get this job done. It is good in theory, and it will succeed to a small degree, but it will not alone make breakfast available to the millions of children in this country who go without a nutritious breakfast or any breakfast at all. I think there has to be a greater role, and I think one of the alternatives is a school breakfast mandate.

Without a doubt, a school breakfast mandate is the strongest approach to take in making clear the importance of the school breakfast program. I think one of the other things that must be talked about are the areas that are addressed in terms of the school breakfast mandate.

In the past, the area that has been addressed is the percentage of children receiving free or reduced priced lunches. I think any future proposal should go beyond this, the reason being that one barrier to the expansion of the breakfast program is that many people view it as a poor person's program, while a large number of those who could and do benefit from the program are not necessarily poor. I think the program must be seen as an effort to improve the nutrition intake of all of the schoolchildren in America. I think that any future action in Congress should address the need to solicit and utilize the input of those potentially benefitting from the program, including parents, school personnel, and students. I think this need can be addressed through proper surveys as a determining factor in any school's choice of whether or not to implement a breakfast program, but I think any survey should be done on a population that has general knowledge about the breakfast program, and this knowledge should be supplied by the school system.

In the past, the school system has not been very helpful. The State educational agency has not done a good job of outreach. We have projected the State plans that have been submitted and through advocacy efforts the USDA has acted as an intermediary, and it has been helpful in terms of changing the situation, but I think what needs to happen is, there needs to be stronger monitoring on the part of USDA with regard to State plans.

In looking at the USDA's role in the past, I think that they have had no express requirement of participation in the schools, so they have had no means of insuring the availability of breakfast to those children who need it. Although the Department has promulgated regulations concerning State plans of operation, I think the process has been a mere formality, especially in Alabama. I have quoted the example of Alabama being allowed to target those schools that have already been in the breakfast program the following year. That is one example of what we talk about. Another example is the fact that Alabama refuses to submit a public document to people who were interested in viewing that document and making comments on it. I think one of the things that shows what a problem that is is that we had to utilize the Federal Freedom of Information Act in order to get a copy of the State plan and to make comments on them, to object to it.

I must applaud one of the efforts of the Department of Agriculture, which is the demonstration pilot outreach project with regard to school breakfasts, and note that we are ourselves a recipient of a grant to do school breakfast outreach. One of the things we see very clearly is that all of our advocacy efforts have been met with a hostile reception. The State agency has encouraged the hostility of local school boards through supplying inadequate information that conflicted with accurate material and the breakfast program supplied by advocates.

This has given local school boards and superintendents additional excuses for not making the breakfast program available which makes efforts of parents and community people futile in situations where concerned parents have urged local school boards to implement a breakfast program. No assistance has been received from the State agency, but I think the major problem in expanding the breakfast program arises out of a lack of concern and apathy on the part of the local school systems. Over the past 3 years, we have been working in Alabama to try to increase participation in school breakfast. As this time, I would call your attention to a series of articles here that pertain to one particular school system in the State of Alabama, and this is in the Albany City school system. I will go through these headlines to point out the history of this campaign.

On Wednesday, July 12, 1978, an article appeared entitled "Breakfast Programs Not Logistically Feasible." This came as a result of the superintendent's negative introduction to the school board before a committee of citizens could go and present the programs.

The next article is entitled "Hunger Coalition Wants Breakfast," and this pertains to the presentation at the school board by citizens.

The next article pertains to that, and it is "School Board, Citizens Debate the Free Breakfast Program Need."

The next article again is a negative article that came as a result of the school superintendent's reporting on the school breakfast program feasibility.

Finally, after much debate and argument, the school system was pressured and then articles appeared saying that schools are to try a breakfast program. Another article to the same effect stated that the breakfast programs are approved for two schools in January 1979, two schools began breakfast in Auburn City school system. Less than 2 months later, another article appeared entitled "Auburn Breakfast Program in Trouble."

February 1979, an editorial opinion appeared entitled "Don't Give Up."

Wednesday, March 7, 1979, an article appeared entitled "Breakfast Program Ended for Drake and Boykin Schools," those are two schools which started the program in January.

Sunday, March 11, 1979, an article appeared entitled "Citizens Collect $475 for School Breakfast Program." This amount was increased up to $1,200. Again, another article appeared, a satirical article from a letter to the editor entitled "Backs Breakfast Program."

Finally, March 28, 1978, an article appeared, "Free Breakfast Program Reinstated by the School Board." I think that this school system that is quoted here in these articles has been one of the prime examples of the problems associated with trying to expand the school breakfast program. School systems again and again are very inflexible.

At this time, I offer a summary of my general testimony. It should be obvious from the general text of my testimony I firmly believe there is a need for a school breakfast mandate, not that this will ever expand the breakfast program to all of those required to participate. Many school systems in Alabama will seek means to defeat the purpose of such legislation. This does not mean that a mandate would be a fruitless effort. Rather, it means that a mandate alone will not make the school breakfast available.

On the contrary, however, the lack of a mandate is a barrier to expansion of school breakfast, because in Alabama, where only 42 percent of the eligible schools participate, it took 3 years of advocacy and community organization to add to the less than 35 percent that participated in 1976. The effort involved everything from media campaigns to raising funds to support a program terminated for a deficit of $300 caused by uncooperative administration of the program.

In addition to mandating participation in the breakfast program, Congress must make it an integral part of the nutrition education effort, for it is fruitless to teach the importance of breakfast and good nutrition with one program, a nutrition education program, while withholding the opportunity to obtain the same through another program, school breakfast.

The focus of this effort must be directed toward improved health for all schoolchildren who do not get breakfast. School breakfast must be debated on as a nutrition program and not a poverty program. Once a mandate is passed, the USDA must fulfill its responsibility to adequately promulgate and enforce regulations. So, with any mandate must come the power to enforce and the directive to utilize that power to expand school breakfast. There is no doubt that advocates must continue to monitor, advocate, organize, and educate with regard to school breakfast. Again, being a recipient of a grant for a demonstration, outreach project will enable us to expand the breakfast program over the next few years, so this kind of effort should be supported and expanded. Offering incentives to school systems, funding demonstration projects, and monitoring State agencies' efforts will be helpful over the next coming years, but all of us are working toward making the program available to all needy children in Alabama need more to work with when faced with school systems that inadequately serve their communities.

We must also recognize that there are things being considered that could cripple any efforts to expand the school breakfast program. Any negative action with regard to either of the school meals programs would arm some school boards and administrators with another excuse for not considering implementing school breakfasts and others with an excuse to drop the program.

Again, I cite the Auburn City school system as one example. Any cut in support, such as the proposed section 4 cut, could reduce participation in the school lunch program. Even if this were only a slight reduction, many schools would refuse to take on another program or continue beyond the required school lunch program.

With enough funds and resources, advocates in Alabama could make school breakfast available to all of the needy children in the State over a period of 10 years or more. A mandate with regards to school breakfast in addition to adequate regulations and the effort of advocates could make the program available in less than half that time. Anything short of this done in a piecemeal fashion will never achieve this goal.

Again, I reiterate our recommendations that Congress mandate participation, require public input on the information of State plans of operation, require school systems to show why breakfast is not feasible and develop a plan to eliminate barriers within a set time frame, to have no cutbacks in the school meal program, provide USDA with clear enforcement power, and direct them to utilize it to make school breakfasts available, focus on school breakfast as a nutrition rather than a poverty program, expand school breakfast outreach projects, and require input from parents, students, school personnel, and concerned citizens in any decision made as to whether or not to implement a school breakfast program.

Thank you.

Mr. GOODLING [presiding]. Jim, I believe you are next. Are all three of you going to participate?

Mr. STEPHENSON. Yes, we will be.

Mr. GOODLING. All right.

STATEMENTS OF JAMES H. STEPHENSON, EXECUTIVE DIRECTOR, PENNSYLVANIA COALITION ON FOOD AND NUTRITION, ACCOMPANIED BY FRANCES WILSON, WELLINGTON NEIGHBORHOOD COUNCIL, AND BEN VAN HORN, SUPERINTENDENT, NORTHERN BEDFORD SCHOOL DISTRICT

STATEMENT OF JAMES H. STEPHENSON, EXECUTIVE DIRECTOR, PENNSYLVANIA COALITION ON FOOD AND NUTRITION

Mr. STEPHENSON. The Pennsylvania Coalition on Food and Nutrition is a private, nonprofit agency established to promote more equitable and humane food and nutrition policies for the poor in Pennsylvania. At present, we post a membership of over 400 individuals who come from a wide variety of backgrounds. Our membership is largely composed of Federal food program consumers, advocates, and providers.

The coalition's testimony is divided into three parts. First, Jim Stephenson, executive director of PCFN, will analyze the need for school breakfast in Pennsylvania, the problems with implementation, and suggested resolution of these problems.

The second part of the testimony will be presented by Ben Van Horn, doctor of education and superintendent of the Northern Bedford School District in Loysburg, Pa. Dr. Van Horn has been operating the school breakfast program in the Northern Bedford School District schools for the past 12 years.

The third part of the testimony will be presented by Frances Wilson of the Wellington Neighborhood Council, which is located in York, Pa. Frances prepares a modest breakfast for children in the housing district in order that these children do not go to school hungry.

First of all, I submit for the record an analysis of the school breakfast participation in the 50 States and the District of Columbia utilizing a four-factor test. It is my conclusion that the State of Pennsylvania has the second worst record in school breakfast participation in the entire Nation. There are over 4,000 school buildings in the State of Pennsylvania which serve lunches but do not serve breakfast, and more than 400,000 children who receive lunches at a free or reduced rate yet do not have the opportunity of eating breakfast at school.

The primary reason these children do not receive breakfast simply is because the breakfast program is operated in only 9 percent of the schoolbuildings in Pennsylvania.

Mr. GOODLING. Excuse me. Are we supposed to have the testimony you are reading from? Do we have that?

Mr. STEPHENSON. You should.

[Pause.]

Mr. GOODLING. This is just statistics. I have a statistical sheet.

Mr. STEPHENSON. There are two sheets with one letterhead.

Mr. GOODLING. I only have copies of the community progress counsel statement and the Northern Bedford School District statement.

[Whereupon, documents were passed out.]

Mr. STEPHENSON. To provide a few succinct examples of the immense underutilization of the school breakfast program, let me point out that the Pittsburgh School District serves lunch at a reduced price to 84 percent of its enrollment, totaling 25,000 children. The Pittsburgh School District, however, serves breakfast in only 2 of its 107 school buildings that serve lunch.

I might note that student participation in these two Pittsburgh public schools serving breakfast is 100 percent. The participation in the school lunch program in the entire district of Pittsburgh is slightly over 50 percent as compared to the total enrollment. The City of Erie School District places second in the school breakfast underutilization, with absolutely no buildings participating in the school breakfast program.

Of Pennsylvania's 67 counties, only half of them have a school district implementing the school breakfast program. Of the school districts in the 34 counties in Pennsylvania having breakfast programs, one-third of these school districts are serving breakfast in only one building within its boundaries.

Unfortunately, I could continue with these kinds of losing scores for the entire length of time allotted for my testimony. Suffice it to say that outside of Philadelphia, a city where a fluke court case has instituted school breakfast programs in all of its 300 schools, there are only 89 public schools in the remainder of the State participating in the national school breakfast program.

The obstacles, or barriers, to the implementation of the national school breakfast program have wrought books on the subject. It appears to me, however, that the most prominent obstacle to the implementation of the national school breakfast program in local schools is that there is a severe lack of outreach, attractive, informational materials, and promotion on the part of State and Federal Government. This is not a rarity. The State outreach components dedicated toward the positive promotion and expansion of Federal food programs in Pennsylvania have long been a joke.

My resolution of this issue may or may not be a popular one. I believe the solution to this particular problem is for the Federal Government to provide 100 percent of the outreach costs for the expansion of Federal food and nutrition programs, setting minimum and maximum levels of spending for each State. These are Federal food programs, and the Federal Government should pay for the outreach.

Inasmuch as the State of Pennsylvania, from a fiscal point of view, has everything to gain in the short run for not doing effective outreach for these Federal food programs, I think the buck should start here.

Given the entitlement nature of Federal food programs, the State of Pennsylvania stands to project a substantial savings for each school district and each student not participating in the national school lunch or breakfast programs and, for that matter, for each potential food stamp recipient who is unaware of the eligibility and application procedures. In the year-to-year budgetary process at the State level, token outreach may be viewed as being extremely cost-effective. In the short run.

On a positive note, I would like to applaud the subcommittee members and USDA for the use of section 18 nutrition education experimental or demonstration project money to fund statewide organizations to conduct school breakfast campaigns. I would like to recommend, at this time, that the Subcommittee on Elementary, Secondary, and Vocational Education consider earmarking approximately $300,000 or more for funding 10 school breakfast expansion projects during fiscal year 1981. I have considerable faith that when the results are in on the six projects which are currently funded under section 18 funds, you will feel that this is a wise direction in which to go when earmarking school lunch and breakfast program research and demonstration money.

Back to the obstacles. An obvious obstacle to school breakfast expansion would occur if the Congress would undertake to make a section 4 cut, thereby relieving school districts of 5 cents on each meal purchased by a paying child. As I am sure you are aware from the hearings of 2 weeks past, this is both a financial and a philosophical battleground which could, as a result, severely hinder the expansion of school breakfast programs anywhere.

I think this is a given, and see no reason to elaborate on the high probability that a section 4 cut would have in simply killing any significant school breakfast expansion in the next few years.

The third obstacle which I have found to be of prevalent concern among school districts is the bookkeeping aspect. The cost accounting system, as required under Public Law 94-105, is currently being implemented in Pennsylvania and is literally driving many of the school districts up the walls. Although I do not begin to profess an understanding of the idiosyncracies of this system, the procedure of costing out salt, which may or may not be placed on a slab of ground beef, and of accounting for sugar, which often adorns the grapefruit, is somewhat absurd.

This tedious process, multiplied by two in the acceptance of the school breakfast program, is going to appear to be unbearable to many school districts. In addition, I understand that there is some problem as to the classification of personnel who work part time during the breakfast or lunch period, and who also undertake other activities during the remaining portion of the working day.

If such personnel are paid out of the school's general fund, they are considered an indirect cost. If they are paid with separate checks, they are a direct cost.

Without proposing to have, or to find, an immediate solution to these problems, or to the problems relating to busing schedules, supervisory personnel at breakfast time, additional bookkeeping work, et cetera, I would instead suggest a simple solution to these and other problems which wind their way into the minds of those not comfortable with the provision of breakfast at school.

The remedy would be to provide a serious financial incentive which will give school districts the wherewithal to plan and implement school breakfast programs; that is, startup funds. This subcommittee has rightly recognized that the procedures involved in startup have been a serious hindrance to the implementations of child care feeding programs when authorizing Public Law 95-627. Although this may or may not be the solution to the problem of school breakfast expansion, it will certainly be worth the minimal cost if it works—if it does not work, it would have cost little or nothing to have developed a legislative provision by which State agencies can make a good faith offer of startup moneys to school districts.

Short of some sort of school breakfast mandate, which I believe may be the only way of achieving congressional intent of the school breakfast program, we need from your subcommittee some serious legislation, either mandate or incentive, which will feed hungry children in the morning.

Rather than deal specifically with the myriad problems which school administrators fear when talk of a school breakfast program is broached, and rather than give you a secondhand report of how important a school breakfast program can be for the children who participate in it, I would like to yield to a school administrator, Ben Van Horn, who has been operating a successful school breakfast program in Bedford County ever since I was in grade school.

Following Dr. Van Horn, Frances Wilson, of the Wellington housing project, will speak on the community need for a breakfast program in the local area; in this case, York County, where no school breakfast program presently exists.

Thank you.

[Information submitted by James Stephenson follows:]

ANALYSIS OF THE NEED FOR SCHOOL BREAKFAST IN THE 50 UNITED STATES AND THE DISTRICT OF COLUMBIA [1]

CHART 1.—*National school meal participation by order of percent of lunch-serving schools also serving breakfast*

[In percent]

1. Wyoming	2.7	27. New York	19.6
2. Idaho	4.0	28. Ohio	20.0
3. Michigan	4.2	29. South Dakota	20.9
4. Utah	4.5	30. Virginia	21.3
5. Connecticut	4.9	31. Oklahoma	23.2
6. Wisconsin	5.6	32. New Mexico	26.5
7. North Dakota	5.6	33. Texas	27.2
8. Nebraska	6.2	34. Mississippi	27.5
9. Vermont	6.4	35. California	28.0
10. Iowa	6.5	36. Delaware	29.3
11. Pennsylvania	7.8	37. Massachusetts	29.4
12. Minnesota	7.9	38. Maryland	29.8
13. Oregon	8.4	39. Arizona	35.2
14. New Hampshire	8.4	40. Alabama	35.4
15. Missouri	9.8	41. South Carolina	35.8
16. Kansas	10.7	42. Arkansas	36.2
17. Alaska	11.4	43. West Virginia	37.4
18. Colorado	11.5	44. Florida	38.3
19. Montana	12.3	45. Georgia	38.5
20. Indiana	14.7	46. Louisiana	38.7
21. New Jersey	16.2	47. Nevada	43.9
22. Washington	17.4	48. North Carolina	49.9
23. Rhode Island	17.5	49. Kentucky	51.9
24. Illinois	18.1	50. Hawaii	53.9
25. Maine	18.5	51. Washington, D.C	95.9
26. Tennessee	18.7		

CHART 2.—*National school meal participation by order of number of schools serving lunches but not serving breakfast*

1. California	4,947	27. North Carolina	1,011
2. New York	4,740	28. Maryland	991
3. Pennsylvania	4,055	29. Alabama	819
4. Texas	3,744	30. West Virginia	768
5. Illinois	3,416	31. Kentucky	719
6. Ohio	3,148	32. South Carolina	696
7. Michigan	3,075	33. Arkansas	681
8. Missouri	2,276	34. Mississippi	680
9. Wisconsin	2,271	35. Maine	606
10. New Jersey	2,134	36. Arizona	559
11. Minnesota	1,947	37. Utah	541
12. Indiana	1,926	38. Montana	517
13. Iowa	1,891	39. South Dakota	510
14. Massachusetts	1,764	40. Idaho	496
15. Kansas	1,462	41. New Mexico	468
16. Oklahoma	1,446	42. North Dakota	431
17. Virginia	1,413	43. New Hampshire	403
18. Tennessee	1,344	44. Vermont	338
19. Florida	1,254	45. Rhode Island	311
20. Washington	1,234	46. Wyoming	250
21. Georgia	1,111	47. Alaska	194
22. Connecticut	1,105	48. Delaware	154
23. Oregon	1,087	49. Nevada	125
24. Colorado	1,084	50. Hawaii	106
25. Louisiana	1,078	51. Washington, D.C	8
26. Nebraska	1,053		

CHART 3.—*National school meal participation by order of percent of children receiving free or reduced-priced meals also served breakfast*

[In percent]

1. New Hampshire	0.8	27. Missouri	13.7
2. Connecticut	1.7	28. Tennessee	13.8
3. Idaho	1.5	29. South Dakota	14.6
4. Vermont	2.6	30. Illinois	15.5
5. Wisconsin	2.9	31. Mississippi	16.5
6. Michigan	3.8	32. Delaware	17.0
7. Utah	5.0	33. Kansas	17.5
8. Wyoming	6.0	34. Oklahoma	19.6
9. Nebraska	6.1	35. Alabama	20.0
10. Iowa	6.2	36. Florida	20.1
11. North Dakota	6.8	37. Arkansas	21.5
12. Oregon	8.2	38. Massachusetts	21.9
13. Minnesota	8.5	39. South Carolina	22.0
14. Colorado	9.0	40. Texas	22.0
15. Alaska	9.8	41. Louisiana	22.7
16. Pennsylvania	10.1	42. Arizona	23.3
17. Maine	11.3	43. California	24.7
18. New Jersey	11.4	44. Georgia	27.4
19. New York	11.6	45. North Carolina	27.7
20. Rhode Island	12.6	46. West Virginia	30.3
21. New Mexico	12.6	47. Hawaii	30.3
22. Virginia	12.7	48. Nevada	33.5
23. Washington	12.8	49. Ohio	33.9
24. Maryland	13.1	50. Washington, D.C	38.2
25. Indiana	13.1	51. Kentucky	38.6
26. Montana	13.1		

CHART 4.—*National school meal participation by order of number of children receiving free or reduced-priced lunches, but not receiving free or reduced priced-breakfasts*

State	Number
1. New York	937,102
2. California	789,126
3. Texas	621,396
4. Florida	411,539
5. Pennsylvania	403,366
6. Illinois	352,787
7. New Jersey	350,348
8. North Carolina	345,772
9. Louisiana	328,653
10. Georgia	286,567
11. Alabama	282,870
12. Michigan	277,032
13. Tennessee	259,181
14. Virginia	251,797
15. Mississippi	249,448
16. South Carolina	232,533
17. Massachusetts	202,443
18. Missouri	187,057
19. Ohio	170,976
20. Maryland	161,138
21. Kentucky	155,528
22. Minnesota	138,104
23. Wisconsin	132,998
24. Arkansas	132,960
25. Indiana	127,705
26. Oklahoma	125,119
27. Connecticut	108,834
28. Washington	103,432
29. West Virginia	91,510
30. New Mexico	90,238
31. Arizona	86,474
32. Iowa	85,197
33. Colorado	83,393
34. Kansas	67,597
35. Oregon	65,910
36. Maine	61,681
37. Nebraska	41,160
38. Utah	41,039
39. Rhode Island	40,784
40. Washington, D.C.	38,921
41. New Hampshire	31,954
42. Hawaii	30,761
43. South Dakota	30,037
44. Idaho	27,000
45. Delaware	23,821
46. Montana	21,458
47. Vermont	18,888
48. North Dakota	16,115
49. Nevada	13,539
50. Alaska	8,960
51. Wyoming	8,318

FINAL ORDER, AS TAKEN FROM CHARTS 1, 2, 3, AND 4

Final order and State	Chart 1 order	Chart 2 order	Chart 3 order	Chart 4 order	Total charts 1, 2, 3, 4	Average third chart
1. Michigan	3	7	6	12	28	7
2. Pennsylvania [1]	11	3	16	5	35	8.75
3. Wisconsin [2]	6	9	5	23	43	10.75
4. New York [1]	27	2	19	1	49	12.25
5. New Jersey [1]	21	10	18	7	56	14
6. Connecticut	5	22	2	27	56	14
7. Minnesota	12	11	13	22	58	14.5
8. Iowa	10	13	10	32	65	16.25
9. Illinois	24	5	30	6	65	16.25
10. Missouri	15	8	27	18	68	17
11. Texas [2]	33	4	40	3	80	20
12. Nebraska	8	26	9	37	80	20
13. California	35	1	43	2	81	20.25
14. Indiana	20	12	25	25	82	20.5
15. Virginia [1]	30	17	22	14	83	20.75
16. Oregon [2]	13	23	12	35	83	20.75
17. Tennessee	26	18	28	13	85	21.25
18. Utah [2]	4	37	7	38	86	21.5
19. Idaho	2	40	3	44	89	22.25
20. Colorado	18	24	14	33	89	22.25
21. Washington	22	20	23	28	93	23.25
22. Kansas	16	15	33	34	98	24.5

FINAL ORDER, AS TAKEN FROM CHARTS 1, 2, 3, AND 4—Continued

Final order and State	Chart 1 order	Chart 2 order	Chart 3 order	Chart 4 order	Total charts 1, 2, 3, 4	Average third chart
23. New Hampshire	14	43	1	41	99	24.75
24. Ohio [2]	28	6	49	19	102	25.5
25. Florida	44	19	36	4	103	25.75
26. Vermont [2]	9	44	4	47	104	26
27. Wyoming	1	46	8	51	106	26.5
28. Massachusetts	37	14	38	17	106	26.5
29. Oklahoma	31	16	34	26	107	26.75
30. North Dakota	7	42	11	48	108	27
31. Maryland [1]	38	28	24	20	110	27.5
32. Maine	25	35	17	36	113	28.25
33. Mississippi	34	34	31	15	114	28.5
34. Alabama [2]	40	29	35	11	115	28.75
35. Georgia	45	21	44	10	120	30
36. Louisiana	46	25	41	9	121	30.25
37. New Mexico	32	41	21	30	124	31
38. Rhode Island	23	45	20	39	127	31.75
39. North Carolina	48	27	45	8	128	32
40. South Carolina	41	32	39	16	128	32
41. Montana	19	38	26	46	129	32.25
42. Alaska	17	47	15	50	129	32.25
43. Arkansas	42	33	37	24	136	34
44. South Dakota	29	39	29	43	140	35
45. Arizona	39	36	42	31	148	37
46. West Virginia [1]	43	30	46	29	148	37
47. Kentucky	49	31	51	21	152	38
48. Delaware [1]	36	48	32	45	161	40.25
49. Hawaii	50	50	47	42	189	47.25
50. Washington, D.C [1]	51	51	50	40	192	48
51. Nevada	47	49	48	49	193	48.25

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[1] Indicates Mid-Atlantic State.

[2] Indicates section 18 funded State.

[3] Texas has since implemented statewide school breakfast law, which would reduce its priority significantly.

Mr. GOODLING. Jim, may I interrupt just a minute?

Unfortunately, down here, we don't schedule nearly as well as we did back in the public schools when I was an administrator. Therefore we find subcommittees competing with subcommittees and subcommittees competing with their own full committee, and that is part of my problem this morning, and my colleague from Alabama has the same problem. He is running back and forth between this hearing and a simultaneous meeting of the Foreign Affairs Committee as I should be doing.

He would like at this point to just ask a few questions of Mr. Nesbitt, or respond to something Mr. Nesbitt said so that he again can run back and try to know what is going on in the other committee as well.

Mr. BUCHANAN. I thank the gentleman from Pennsylvania, and I do apologize to the panel for the unfortunate fact that we, as my colleague has just said, operate in conflict with ourselves around here.

Mr. Nesbitt, I am particularly disappointed to have missed your testimony. My timing was bad. I intended to get here in time to hear you, rather than just after you had testified. I have a three-way conflict this morning. Unfortunately, that is not at all unusual around this place.

I want to simply join in welcoming the panel, and in indicating that there is some concern among the members of the committee, that I know members of the panel feel, about the inadequacy of our meeting the nutritional problems of the children and other people in the United States.

Mr. Nesbitt, I will ask one question, and then I hope to return to participate in the questioning of the panel. You indicated a concern over the student breakfast program in that the student breakfast program was considered a poverty program rather than a nutrition program. I wondered what elements create that psychology, because certainly we want the school breakfast program to survive, grow, and prosper in Alabama and elsewhere.

Mr. **Nesbitt**. I think basically what happens is, very often in our efforts to make a school breakfast program available, and in talking to the press or in going before school boards, we make it clear we are there, No. 1, because we want to feed those children who do not get an adequate breakfast in the morning or who don't get any breakfast at all.

I think what is very often underplayed is the fact that even those kids who pay for the school breakfast program do not pay the full cost of it, and that in fact there are many kids who participate, and it also helps them in terms of many of them not getting breakfast in the morning.

So I think what has happened is pretty much the public for the most part has cast the program in that light in Alabama. Again, referring to the list of articles I brought with me, you will see that the very last article I brought, the headline reads, "Free Breakfast Reinstated by the School Board." That doesn't say anything about the reduced price breakfast or the paid breakfast. So, again, I think it is that focus on the fact that some kids eat a free or reduced price breakfast and not on the fact that breakfast offers an opportunity for kids to get good nutrition.

Mr. **Buchanan**. Thank you very much.

Again, I apologize for the interruption, and I hope to be back in time for the questioning of the panel. Thank you.

Mr. **Goodling**. Thank you.

Dr. Van Horn?

STATEMENT OF BEN F. VAN HORN, SUPERINTENDENT, NORTHERN BEDFORD SCHOOL DISTRICT

Dr. **Van Horn**. Members of the committee, I am happy to be here today and to bring you greetings from Congressman Bud Shuster's district. It is my privilege to testify to the value of the school breakfast program and to the need for continued State and Federal support for the program.

As one who speaks from the firing lines, as far as the operation of the program is concerned, I want to say, first of all, that I am 100 percent enthusiastic about the program. We in the Northern Bedford County School District for grades K through 12 were a volunteer participant in the pilot breakfast program which was authorized by the Child Nutrition Act of 1966, and we have continued to participate under Public Law 94-105.

Our school district covers an area of 112 square miles and qualifies as a participant on the basis of the distance traveled and time spent on buses by our pupils.

I would like to give you a little background and maybe some philosophy and some of the findings that we have observed from the 12 years of operation. Our home room teachers and others working with our children and youth observed that many of them were coming to school without breakfast. Upon investigation, a number of reasons were identified. One, they were not hungry at 6:30 or 7 in the morning. Two, they had to rush to meet the bus and didn't have time to eat. And three, the bus ride made them nauseous if they ate breakfast. Four, there was no one at home to get breakfast, as both parents had left for work. And finally, many of the girls indicated in particular that they didn't eat breakfast for fear of getting fat.

In addition to those pupils not eating, we were amazed to find in our preliminary survey what a so-called breakfast consisted of for many who did eat at home. A cookie or a candy bar or a coke was frequently mentioned. Seldom even an apple or a glass of milk, in our rich agricultural area.

Begin aware of the evidence presented by the Iowa studies which went to poor health, poor academic progress, and discipline problems to lack of a nutritious breakfast, we recommended that our district take advantage of the opportunity to participate in the pilot program.

After 12 years of observation, we can testify to many positive features of the program, and are of the opinion that the service should be offered in all schools.

First, on the basis of many teacher reports, and of one scientifically conducted research study by a faculty member, we have concluded that students participating in our program are more alert physically and mentally in the late morning hours than otherwise. The payoff is in better health, better grades, and better school attitude.

We have attached the summary of the study made by one of our faculty members.

Second, with approximately 40 percent of our mothers working away from home, and I reemphasize, nearly 40 percent of our mothers are working away from home—many leave the house before the school bus arrives. We are providing a service which parents appreciate. The school breakfast program is a response to one of the social realities of our times.

Third, we have found the breakfast program to be one of the most effective and practical means of educating all our pupils and their families as to the composition and importance of a good breakfast, even though they might not be eating at school, a spinoff from the school emphasis has made all parents more concerned.

As a school administrator who has experienced the scheduling of the breakfast service, I can attest to the ease by which it operates. A reduced staff of the regular school lunch cooks arrives an hour early to prepare and serve the breakfast. The pupils unload from their buses and move on their own, without supervision, to the cafeteria, eat, sometimes with a brother or sister or boyfriend or girlfriend, and then to their home room or first period class, as the principal has planned, without confusion. The minimal clerical work involved is handled by a building secretary stationed on the line, also without complications.

I state these three observations simply to negate many of the objections made by fellow administrators. It is not a complicated program to operate. It is very simple. Personally, it starts my day off on a positive note, as I observe the children and youth enjoying a good breakfast in a happy social atmosphere, knowing that their day will be better for having eaten breakfast.

From the observable benefits of the school breakfast program during the 12 years of operation in our school, we are convinced of its value to our pupils who would not otherwise eat a nutritious breakfast. We believe strongly that it deserves the financial support and encouragement of both State and Federal agencies in the interests of the children and youth of our Nation.

Again, I thank you for this opportunity to speak on behalf of the health and education and welfare of the school-aged children and youth of our Nation.

[Information referred to follows:]

SUMMARY OF THE RELATIVE EFFECTIVENESS OF THE NORTHERN BEDFORD SCHOOL DISTRICT BREAKFAST PROGRAM ON PHYSICAL AND MENTAL EFFICIENCY IN THE LATE MORNING HOURS

(By Milford (Rick) Miller)

The purpose of this study was *to analyze the relative effectiveness of the Northern Bedford School District breakfast program on physical and mental efficiency in the late morning hours.*

Techniques for diagnosing the information needed included teacher observation, interviews, teacher and student questionnaires, class marks, and unannounced third period subject tests. The data accumulated from the techniques mentioned were analyzed and evaluated. The findings were presented and discussed in twelve tables and six figures.

On the basis of the findings of this study, it was concluded:

1. that students with the same ability level, who had a nutrition breakfast before *an unannounced test in the late morning hour* scored significantly higher grades than students who did not have a nutritious breakfast.
2. that students with the same ability level who were classified as breakfast individuals achieved better *third period subject grades* (averaged for the year) than students who were classified as non-breakfast individuals.
3. that students with the same ability level who had breakfast at school achieved higher grades in *third period subject tests* than non-breakfast students.
4. that there was a significant relationship between teacher observations of students who were *not mentally or physically alert* during the third period class and non-breakfast students.

With the drawing of the above mentioned conclusions, this study has indicated that, in general, students in the Northern Bedford County School District who eat a nutritious breakfast regularly are more alert physically and mentally in the late morning hours than students who do not eat a nutritious breakfast.

It was recommended that further research of a wider scope and greater depth be conducted in the future.

Mr. GOODLING. Ms. Wilson?

STATEMENT OF FRANCES WILSON, WELLINGTON NEIGHBORHOOD COUNCIL

Ms. WILSON. First of all, I would like to thank you for giving me the opportunity to speak.

For 3 years now, I have been serving breakfast to 30 elementary school children who attend Phinias Davis School in York, Pa. This breakfast has been toast and hot chocolate, but it allows the children to start the day with something hot in their stomachs.

I come to the center about 8 a.m., half an hour before my regular starting time, and provide this meal for the children, who get up early enough to come to the Wellington Neighborhood Center to eat. All the children I feed come from the Wellington Housing Project. For the past 2 years, I have made arrangements with the Mount Wolf Bus Co. to pick the children up at the center, take them to school, and in the afternoon return them to the center. I rent this bus because the school is too far away for the young children to walk, especially in cold weather. It takes 25 minutes to walk to the school from the center, and the children would have to get up too early to eat breakfast and get to school on time.

The York City School District says that these children living in the radius of the school, that they must walk, and the school can't provide transportation for them. I collect $2.30 each week from the mothers to cover my expenses, but it is not enough to pay for the food and the bus. People can't always afford to pay their share, so I am forced to reach into my pocket to help pay.

Many children are waiting for me at 8 a.m. because they wake up hungry and know they can get something to eat at the center. The cost to parents for breakfast and a bus ride to and from school is 45 cents a day, but I have seen many older children spend at least that much at the corner store on their way to school for a soda and a bag of chips to start their day with.

I have offered the breakfast program to the older kids, too, but many are embarrassed to eat in the center with the younger children, so they don't come, and instead start out their day with junk food, which is not any good for them. I am sure these children are hungry long before lunchtime.

The Wellington Neighborhood Council is just beginning to research school breakfasts. We didn't know schools could serve breakfast just like they could serve lunch. No one had ever asked us if we wanted breakfast in our schools. Breakfast in schools could be a glass of milk, juice, and cereal. It is a simple meal that can be prepared in a cafeteria and served at the children's desks during the first 10 minutes of the day.

Breakfast served at school could take care of the transportation problem we have of feeding the kids and getting them to school on time. The school has equipment to prepare a hot meal in the morning, but our center does not. This meal could be paid for by the Government, with tax money, instead of by parents that don't always have the money.

All children should eat in the morning, not just the few kids we feed. Since 50 percent of the York City schoolchildren receive free lunches because there are so many poor children, the school could receive the 45 cents per day per child that the center charges and serve a better meal.

We need your help, since no one has asked us if we want breakfast in our schools, the council thinks that the school is not interested in feeding our children a good meal in the morning.

The Community Progress Council, Inc., the CAA (Community Action Agency) in York, served 400 kids two meals and a snack all summer through the summer feeding program. There are hungry kids in our city who could use breakfast.

Maybe no one is putting any pressure on the school to provide breakfast. The council is going to begin a campaign to get breakfast in our schools. Maybe the school district will listen—and maybe they won't. But they would listen to you. Please help us feed our hungry kids by telling all schools that if they serve lunch, then they must serve breakfast. Sometimes the children eat at 6 o'clock in the evening. They don't get anything else until the next day at lunch. That is 18 hours before the children eat. Teachers have also stated children who are hungry are not prepared for the day learning-wise. The breakfast program would not make all children A students, but it would give all children an equal chance in learning.

Chairman PERKINS [presiding]. Mr. Goodling?

Mr. GOODLING. I have several questions.

First of all, Ms. Wilson, have you talked to the superintendent of the schools?

Ms. WILSON. Oh, yes, I have called the schools. Yes, I have. I tried there first before I went anywhere else.

Mr. GOODLING. What is his response?

Ms. WILSON. He just said, it can't be done. That is all he always says.

Mr. GOODLING. Did he give you any reason why it could not be done?

Ms. WILSON. No, that is all they say.

Mr. GOODLING. What kind of public pressure has there been? I ask this question because I am generally concerned when witnesses urge Congress to mandate a specific program the Federal level; sometimes I get the impression that they want us to mandate on the Federal level what they are unable to achieve at the local level. What have they done as a community?

Ms. WILSON. The only thing we have done as a community—that was just the Wellington Neighborhood Council we had looked into this year.

Mr. GOODLING. How about PTA's?

Ms. WILSON. I don't know about the PTA. I am just talking about what we have done, the Wellington Neighborhood Council.

Mr. GOODLING. It seems to me that in the city of York, where you are saying 50 percent of the students are receiving free or reduced price lunches, there should be enough public pressure if in fact this is what the public wants. That is the only point I am trying to make. Ask your superintendent what his thoughts are and why they have not participated in the program. I would think he would be very much interested in the program in the city of York.

Doctor, I was glad you eliminated fried potatoes when you gave your oral report, since I noticed it was in your written report. In your area and my area for 200 years fried potatoes have been pretty important in getting the day started. [General laughter.]

You said after 12 years of observation you can testify to many positive features. The second thing you said was:

> Approximately 40 percent of our mothers are working away from home, many leaving the house before the school bus arrives. We are providing a service the

parents appreciate. The school breakfast program is a response to one of the social realities of our time.

Did your pressure then come from the local level, since 40 percent of the parents are working? Where did the pressure come from to bring about a school breakfast program?

Dr. **VAN HORN**. We were not pressured to do it. The fact of the matter is, it was a matter of observing the need by our staff. Our pressure worked the other way. We had to use a little pressure to sell to the school board and to offset some of the objections by some of the parents in the community, and I think maybe this is a part of the problem in other areas, that people still think it is a home responsibility.

Our theory is that every child needs a breakfast. We don't care whether they eat at home. We hope they would eat at home. But if they are not eating at home, which many of them are not doing, we feel then that we have not only a responsibility but an opportunity to provide it for them at school, and it is so simple, this service, that I for one cannot understand why Dr. Grant Moore cannot see the feasibility of providing it for the children.

Mr. **GOODLING**. So you are saying you didn't need any Federal mandate to help you sell the program? You could sell it to yourselves?

Dr. **VAN HORN**. We got into a pilot program as an experiment, and we felt that any time we had an opportunity to participate in something of this kind, we should. It was well supported in the beginning to do that, and it is very important that the support be continued, and I feel as an administrator I am not too much in favor of mandates, but I am more in favor of incentives. I think the thing to do, really, to get it off the ground across the Nation is for the Department of Agriculture to first of all believe it themselves, and I think if you want to know where it starts, part of the problem starts here in Washington with the lack of enthusiasm by the U.S. Department of Agriculture.

So, by some more incentive, I think this program can fly on its own without a lot of mandates.

Mr. **GOODLING**. That brings me to a question for Jim. He was talking about mandate or incentive. I like the incentive approach. Now, would you explain what you have in mind when you talk about incentives?

Mr. **STEPHENSON**. It is somewhat of a difficult question. The one that I mentioned was the possibility of, insofar as incentives, was the possibility of startup costs. Many administrators or school boards see very many obstacles or barriers to a school breakfast program when they first hear about it, and my suggestion is, if there were startup costs in which they could solve those problems without being an internal cost from the general funds, from their own pockets, that they might be more willing to start a breakfast program.

Another idea is to provide an additional reimbursement advantage for those schools that operate school lunch and breakfast programs, but I think that the gist of my testimony was that we need a serious financial incentive in order to expand breakfast. If not, we need a mandate.

I would say that the incentives that have occurred so far are good. I am glad for the equipment incentive, and the commingling of costs, which will eliminate some paperwork in the reporting procedures for school lunch and breakfast programs. I am glad those two occurred. But I do not believe there are serious fiscal incentives to expand breakfast programs.

Money talks, and I think that is what school districts are going to look at, especially in the next few years, when money will be so tight.

Mr. GOODLING. I suppose you know what the subcommittee hearings has been investigating in the last couple of weeks before we got to the breakfast program. The hearings had dealt with the reduction of 5 cents per meal for the paying students in the school lunch program. With that staring us in the face, the financial incentive you are talking about may be a problem, because we are going to have to fight, in the face of a 13-percent inflation rate, just to hang onto that nickel. As a matter of fact, I believe the Budget Committee is assuming that the nickel reduction will in fact take place.

Mr. STEPHENSON. I understand that, and I see that as a serious battle, so that the 5 cents does not—so that they would not lose that 5 cent reimbursement opportunity, and I think on that basis if we look at it realistically perhaps the only alternative we have is some sort of a mandate, either a parent survey or a mandate on the basis of substantial poverty in the school districts.

Mr. GOODLING. Now, the area in which you work, what kind of public pressure is there for the school breakfast program?

Mr. STEPHENSON. As I mentioned in my testimony, I think the primary problem is that parents and many school administrators do not—parents do not know about the program and school administrators do not understand the program. They know about it, but they don't understand why it is there, what it is for, what it does, and what problems it would solve. We plan to do a school breakfast campaign in Pennsylvania as part of our Community Services Administration grant for special support projects. We are going to be linking up with the State of Pennsylvania and the USDA regional office, and hopefully a number of other associations and organizations across the State of Pennsylvania, to bring the awareness through public media of the breakfast program to parents as well as to help to generate public pressure at the local level to institute breakfast programs, and basically anything we can do to feed hungry children.

Mr. GOODLING. I mention this simply because after over 20 years as a school administor, I have discovered that I could sell almost anything to the board if I had enough public pressure, because like Congressmen, members of the board of education like to be reelected, too.

Mrs. Glavin, what are you doing, or what might you do to help with this idea of informing it to the community in the first place, making people aware of what is happening.

Ms. GLAVIN. We are, as Mr. Stephenson said, working with them on their project, which involves, among other things, a hotline for people to call, and public service announcements giving the number of this hotline to people to get more information. So, we are working with the coalition in their efforts in Pennsylvania.

Mr. GOODLING. Mr. Van Horn, I would like to ask, knowing your district, what were your major problems in relationship to transportation, the school breakfast and getting the students to classes and so on. How do you work that? For instance, how do you handle the last busloads that come in, let's say, 2 minutes before school is supposed to begin?

Dr. VAN HORN. Well, as I said, we qualify on the basis of time traveled, the distance, and so forth. We are not in under the qualification based on poverty. In many cases, we have two runs of buses. The early run primarily—those are the ones who take part in the breakfast program.

Mr. GOODLING. What happens to the second run?

Dr. VAN HORN. Many of them don't have to start to school so early and they can eat at home, but they do have the opportunity to eat at school. Buses are in, most of them, 10 minutes before time to go to class. There is no problem with it as far as the grade school is concerned. In the high school we have really eliminated the homeroom attendance period and they go directly from the cafeteria to their first period class. They sign an attendance slip in the cafeteria before they leave there. That goes directly to the office, and the office staff knows that they are not absent because they have signed the attendance slip in the cafeteria.

Mr. GOODLING. What is the percentage of elementary youngsters participating in relationship to secondary students?

Dr. VAN HORN. The participation in the four buildings, the three elementary and the one high school, in one of the elementary buildings it is about half of the people, and in the other two one-fourth, and in the high school about 20 percent. The participation, to answer your question is, in high school it is not as great as in the elementary, and this is one of the things we were to address ourselves to as a pilot program, to try to find ways to persuade teenagers to eat breakfast. We have not been as successful in that as we had hoped to be.

You, having experience, Mr. Goodling, in school administration, know that high school boys and girls, if they have a little free time, would rather walk around the hall holding hands or stand in the corner then they would go to study hall and breakfast in this case.

Mr. GOODLING. Yes, The nutritionists keep insisting that there is some way they can make each high sohool youngster participate in the school lunch program. I remind them that high school youngsters have other ideas in mind at lunch time.

Dr. VAN HORN. We don't have trouble with them at lunch time. They all eat. We have a high participation. We don't have junk foods for sale in our buildings, but the participation in breakfast for the high school is, as I said, only about 20 percent.

Mr. GOODLING. We must run. We have 4 minutes to get to the floor to vote, and the chairman should be on his way back.

[Pause.]

Chairman PERKINS. Ms. Glavin, the Department is to be congratulated for securing a 25-percent increase in the breakfast program in 1 year's time. What I am very concerned about is your statement that only 28 States have provided the extra payments for our free breakfast that the Congress mandated last year. What is the problem with the other States?

Ms. GLAVIN. That information on the number of States is from last year. We don't have current information yet for this year, but we have put out regulations to implement last year's law which requires all States to have a minimum standard for severe need, and we are very hopeful that that will increase the number of States utilizing and the number of schools able to utilize the severe need rates. This is the first time we have had a minimum standard, but the figures on the number of States using those rates precedes the implementation of that law.

Chairman PERKINS. Now, I want to ask you again, Ms. Glavin, a witness from Michigan yesterday told the subcommittee that although the Department's outreach initiatives in other States may be laudable, she described four efforts in Michigan as minimal at best. What have been your national outreach efforts to date, and are your efforts concentrated in some States and not in others? If this is the case, what is the reason?

Ms. GLAVIN. Our media efforts have taken a number of forms. One is the production in the Department of feature stories on successful breakfast programs which we provide to newspapers and magazines across the country. Of course, they are free to pick those stories up or not, as they see fit. In addition, we have done a number of radio spots on the breakfast program using various sports and entertainment celebrities to volunteer their time to do the spots.

Again, whether those are picked up by local radio stations is beyond our control.

In addition, we have tried to get some of the national magazines that have wide circulation to be interested in doing stories on the breakfast program. As you know, a few years ago *Redbook* magazine did a story on the program. This year, just a month or so ago, the magazine, *Working Mother*, ran a story on the breakfast program and provided a lot of information.

Those get very wide circulation, and we are delighted to see that.

In terms of how much the local media, in a State, will pick up things like news features or radio spots, that can be helped if we can get local people in the States to hand deliver, for example, spots to a radio station. We do this a lot with our TV spot for the National School Lunch Week. We get the local school food service people to actually take the spot down to the TV station and ask them to play it. Obviously, that has a lot more impact than a spot that just arrives in the mail.

So, to the extent that we can get that kind of personalization of a spot by the local people, it is much more successful and much more likely to be played.

Chairman PERKINS. I would like to ask one final question, and that is, what effect would Federal cutbacks in the school lunch program have on the expansion of the school breakfast program? I would like to begin at the end of the table and go all the way across. So you answer first, Mr. Nesbitt.

Mr. NESBITT. I think what would happen in many cases in Alabama, where many school boards already will not implement a breakfast program because of fiscal concerns, if there were a cutback in support for the school lunch program, it would cause them to be even more cautious, and many schools would not only not implement the program, but many schools would drop the school breakfast program.

Again, in the case of a school system where we had a campaign to get all the schools on the breakfast program, after a very short period of time, 2 months, as a matter of fact, with a deficit of less than $300, the program was dropped.

If, let's say, in addition to that we have gathered those two schools back in the program, but if they receive a cut in their school lunch funding, that would make them, I would think, very hostile toward school meal programs.

Chairman PERKINS. Thank you. Ms. Glavin?

Ms. GLAVIN. Mr. Chairman, as you know, we have proposed a 5-cent reduction in the section 4 payment. We believe that to be a very modest reduction, and as you know, it is directed only for the paying child in the school lunch program. Our budget estimates do not indicate there would be any drop in breakfast participation as a result of that cut.

Chairman PERKINS. Mr. Stephenson?

Mr. STEPHENSON. As I mentioned in my testimony, I think it would have a disastrous effect on the developing attitudes in promoting the school breakfast programs. I think it would be extremely difficult to get administrators and school boards to accept a school breakfast program because of the obvious question they are going to ask, whether it is a valid one or not, is, where is the next cut going to come, and when is it going to happen.

I should also say, if it does come down to a choice between reduction of the eligibility for free and reduced price lunches or breakfasts, and the 5-cent cut, our charter would put us on the side of preferring that there not be a reduction in the eligibility.

Dr. VAN HORN. I would observe, first, that if such a cut were made, there would be no further expansion in the breakfast program, and secondly, speaking from experience, it would be a death knell, I think, to our program. We are now surviving on the basis of 3 cents per breakfast that the State supplements at the end of the year. Other than that, we are not breaking even, so we cannot afford any further cuts.

Ms. WILSON. Really, I really don't know too much about this, but I really would not like to see any cut either. All I would like to see is somebody get something in these schools to help our children.

Chairman PERKINS. Thank you all for excellent testimony. I am going to call on Mr. Kildee of Michigan now for questions.

Mr. KILDEE. I think, Mr. Chairman, while I was attending the Small Business Subcommittee, there was some mention about the need to spread more information about the program. We had a representative from Michigan here yesterday who felt that the efforts were minimal at best in Michigan, so I would just urge you to use all means possible to disseminate this information, both through public service broadcasts, and the use of your imagination over there.

I think when we offer these programs, it is because we recognize there is a need. We are doing it out of love for our fellow man. We should look for innovative ways to inform the children and their parents of the program.

So, I urge you to keep informing innovative ways.

Yes, sir?

Dr. VAN HORN. May I follow up on what you are saying?

Mr. KILDEE. Certainly.

Dr. VAN HORN. I may get in trouble with Ms. Glavin here, but what you have said is exactly right. There needs to be more push from the USDA publicity. Now, somehow or other, whether it is because we are out in the mountains or what, I don't know, but the message is not getting down into the schools. They want to know why more administrators aren't cooperating, and that is one of the reasons. We aren't getting the message. We can read, but we are not hearing it. Somehow it is not coming through, and I think the USDA does need to take a stronger stand, more help trying to sell a program of information out to the field.

Mr. KILDEE. I hope they would brainstorm and try to figure it out and work with people in the field who are concerned about the delivery of these services and solicit their ideas as to how this information can be communicated. I think it is extremely important that people know.

Thank you very much, and thank you, Mr. Chairman.

Chairman PERKINS. I want to thank all of you distinguished ladies and gentlemen. You have been most helpful to the committee. We want to carry out your point of view in every way possible. We want to strengthen the breakfast and the school lunch free and reduced programs in every way possible. We don't want it diminished in any respect, and we will work with you to that end in every way we possibly can.

Mr. Goodling, do you have any further questions?

Mr. GOODLING. No.

Chairman PERKINS. Let me thank all of you for your testimony. Thank you.

[Whereupon, at 10:45 a.m., the subcommittee was adjourned, subject to the call of the Chair.]

[Additional material submitted for the record follows:]

NATIONAL SCHOOL BOARDS ASSOCIATION,
Washington, D.C., November 20, 1979.

Hon. CARL D. PERKINS,
Chairman, Committee on Education and Labor, House of Representatives, Rayburn House Office Building, Washington, D.C.

DEAR MR. PERKINS: The entire area of child nutrition and its impact on children attending public schools is a major concern to the members of the National School Boards Association. We feel that our testimony before the Subcommittee on Elementary, Secondary and Vocational Education on November 1, 1979, succinctly stated our concern for the health and well-being of children, and the importance of Federal funds for school nutrition programs. Although our testimony of November 1 was in support of the present level of Federal funding for school lunch, our members are deeply concerned with the possibility of connecting school lunch eligibility with the operation of a breakfast program. In the absence of full funding by the Federal government of school breakfast programs, we must object to any legislation which would in effect mandate school breakfast programs. In the absence of Federal funds, the costs would need to be absorbed by increasing local property tax, or by increasing the price to children. This program has several administrative and operational components not associated with the delivery of the lunch program.

We believe that scientific data have demonstrated that there is a direct connection between the quality and quantity of nutritious foods consumed and the state of general health and learning capacity of children and youth. And, every effort should be made to ensure that the highest nutritional standards be the goal for every student. The attainment of this goal is not totally within the capacity of each and every school district.

Programmatic goals of local schools are ranked and pursued within the context of competing demands for limited resources and the constraints of the public's acceptance of various programs. To ignore these factors in proposing new programs decreases the probability of a successful program change or implementation.

School board members would certainly applaud and encourage the position of many groups which work for improved nutritional standards for children in school lunch and breakfast programs. However, we disagree with the means of attaining these goals and would point out that the delivery of breakfast in schools is significantly different from that of school lunch. We fear that to connect breakfast and lunch programs may produce the most undesirable outcome.

We would draw your attention to some of the differences in the two programs. There are districts with higher levels of participation in lunch programs (all paid participation) but very few eligible free or reduced-price participants. In these circumstances, to require breakfast would identify children receiving breakfast as "poor children" with the attendant side-effects. Furthermore, where transportation is required, extensive changes in schedules would be necessary, or double bus routes would be needed, or non-eligible children would have to be transported at an earlier hour to accommodate on the breakfast participant's needs. These kinds of logistical problems are not a part of the lunch program.

There is also the matter of unknown program costs. Unlike the school lunch program, the school breakfast program incurs a variety of hidden or indirect costs not associated with lunch.

Some of these costs include: (1) initial program start-up costs, (2) extending hours for cafeteria workers, teachers and/or administrative staff, (3) more transportation costs, (4) scheduling changes, (5) expanded storage capacity, (6) increased purchasing demands, (7) higher utilities, and (8) longer bus schedules, just to mention the most obvious ones. With the tight money situation in Congress and the lack of clearly identified cost items of a breakfast program, we feel it would be unwise to make the serving of breakfast a requirement for lunch participation. A go-slow approach on this issue at this time is more compatible with the up-coming USDA research on child nutrition requested by the Congress in S. Res. 90. Until that study has been completed, the National School Boards Association feels that it would be premature to link the breakfast and lunch program participation.

Sincerely,

AUGUST W. STEINHILBER,
Associate Executive Director,
Office of Federal Relations.

LOUISIANA HUNGER COALITION,
New Orleans, La., December 6, 1979.

HON. CARL PERKINS,
Chairperson, House Committee on Edcuation and Labor, Rayburn House Office Building, Washington, D.C.

DEAR CONGRESSMAN: This letter and enclosed materials are to be included in the record of testimony of the hearings on School Breakfast recently held at the request of the Children's Foundation. The series of letters, newspaper articles and petition enclosed describe the year long battle for breakfast by a citizens' group in St. Helena Parish, Louisiana. Please read all attachments carefully. You will be both appalled by the extreme anti-school breakfast stance of the school superintendent and impressed by the determination of the citizens waging this campaign.

The St. Helena Little Citizens, a group composed mainly of women who now have school-age grandchildren, has been conducting a School Breakfast campaign in St. Helena Parish for over a year. With the technical assistance of the Louisiana Hunger Coalition, they have disseminated information on the availability and the value of the program, attended and addressed school board and PTA meetings regularly, and secured 200 signatures on a petition requesting implementation. All of these measures have been met with irrational opposition by the parish school superintendent, Clarence Speed, who is also, simultaneously the mayor of the parish seat, Greensburg, La. Singlehandedly this one man has blocked implementation of the Breakfast Program.

Following are some additional facts not reflected in the attachments:

On July 25, 1979, a School Breakfast meeting was called by the St. Helena Little Citizens and the LHC to discuss further strategies. Parents, teachers, school bus drivers, and school board members were invited. At that meeting, a recently appointed school supervisor offered us a "deal." The program would be tried on a pilot basis in one school for one year. This offer was made, not to the entire group, but to me, a staff member of the Louisiana Hunger Coalition. What it amounted to was this: "call off the dogs and we'll give you one school." The response was "no deal." The entire group agreed that implementation in one school was fine, but it would not change the group's resolve to make School Breakfast available to all children in the parish. Two additional factors made this deal even more unacceptable:

1. The parish has already participated in the federal pilot program which preceeded the Act of 1975. St. Helena Elementary School served breakfast successfully with 100 percent participatioin for one year. The only problem they encountered was the failure of the school board, or the state, to apply for reimbursement payments for labor. The cook was paid by collecting donations from the children, although almost every child in the school was eligible for and received free lunch. (I have not been able to secure records of this program because state records are kept for only three years.)

2. New Zion school was designated for the proposed pilot program in the deal offered. This school has the lowest number of free/reduced-price eligible children (46 percent), and the highest white enrollment in the parish. Other free/reduced-price percentages in the parish range from 66 percent to 98 percent. (See attachment III for complete list.) In addition, New Zion previously participated in the School Breakfast Program some time after it was discontinued at St. Helena Elementary. No records are available, but according to parish residents, New Zion was the only school with the program at the time, its enrollment then was 100 percent white, and the school's principal then was Mr. Clarence Speed, the same man who is now the school superintendent and mayor of Greensburg.

Note.—Since there are no records, I am unclear as to whether New Zion's Breakfast Program was also a federal pilot program. It preceeded the Act of 1975 but it was not a "needy" school as other pilots were.

The St. Helena Little Citizens and the Louisiana Hunger Coalition made it clear that we would never oppose implementation of the School Breakfast Program in any school. What we opposed was the exclusion of the remaining school's from participation in the program. However, the outcome of all of this was that New Zion was not allowed to implement the program, even after it was officially requested by the principal and by the School Board member who represents that school.

Having exhausted all local strategies, we began to seek other sources of help. The State Department of Education told us that there was nothing they could do if the superitendent said no to the program. The Southwest Regional Office of USDA referred us to the U.S. Justice. Dept. Regional Office. A Mr. Robert Alexander of that office became very interested in this matter and has devoted much time and effort to this local campaign. He came to La. in October and personally met with the St. Helena Parish superintendent and school board. As a result of this vist and a letter he wrote to the superintendent subsequently, we may be closer to voluntary implemetation of School Breakfast, but there is still no guarantee.

The moral of this story, Mr. Perkins, is that while no one can deny that all children need breakfast, or that School Breakfast is one of the best things to happen to American education in decades, as long as the children's nutritional and education fate are left up to school superintendents like Clarence Speed, the sheep are at the mercy of the wolves. If the intent of USDA really is to make School Breakfast available where it is needed, then there must be some criteria to determine need and some way of insuring implementation once need is determined. St. Helena parish is only one case. The poverty and health statistics contained in attachments III and VI demonstrate it is an excellent one to concretize this point. However, it is not only parish in the state where a superintendent has acted as a brick wall on this issue, nor is Louisiana the only state in which this is true.

Brenda Quant,
Program Specialist,
School Breakfast and Summer Feeding Programs.

[Attachment I]

[From the St. Helena Echo, June 6, 1979]

School Breakfast Program Needed in St. Helena Parish

If you stopped a group of school children any weekday and asked them what they had for breakfast, chances are you would be both surprised and dissatisfied with their responses. A recent survey of 80,000 school children showed that only one out of every 20 children ate a good breakfast.

For a number of different reasons, children often skip breakfast or eat a very poor breakfast. But the fact remains, "they are still children and if they go to school hungry, its not their fault," says a St. Helena Parish parent.

Classroom teachers can usually tell which children have not had breakfast. They are often tired and sleepy before lunch time, sometimes they are cranky and even sick. Teachers will also tell you that when a child's stomach is empty in the morning, his mind is not on the three R's, his mind is on lunch.

Realizing the need for better child nutrition, many Louisiana schools (44 percent of them) have implemented the School Breakfast Program. The Breakfast Program, like the School Lunch Program, is a permanent federally funded program available to all public schools and non-profit private schools. It provides children with a nutritious morning meal to help them get the most out of their school day and fosters good nutrition habits.

The School Breakfast Program does not cost the school anything. Federal reimbursements are paid to the school for each breakfast served.

Students receive their meals either free or at a reduced price or full price depending on family income guidelines which are the same as the school lunch guidelines.

Many schools and entire school districts across the state are successfully operating breakfast programs in both urban and rural areas with little or no changes in bus or school schedules. Several parents of St. Helena Parish are working toward getting the program into schools here. They have been collecting signatures on petitions for the Breakfast Programs and are seeking support from other parents, teachers, administrators and community leaders.

The School Breakfast Program is needed in St. Helena Parish. Not only can this program improve the nutrition of our children, but it can also create new jobs for residents and bring additional revenue into the local economy. St. Helena Parish is losing $131,000 per year in the form of federal reimbursements for the School Breakfast Program.

If you are interested in seeking this valuable program implemented in your parish, please contact Brenda Quant, Louisiana Hunger Coalition, 203 Carondelet Street, Suite 801, New Orleans, Louisiana 70130, (504) 523-3663. You may call person to person, collect.

[Attachment II]

ST. HELENA PARISH SCHOOL BOARD,
Greensburg, La., June 16, 1979.

Mr. ARFIELD TAYLOR,
Area Coordinator, Quad Area Community Action Agency, Inc.,
Hammond, La.

DEAR SIR: This is in answer to your question on the Breakfast Program.

The St. Helena School Principals and Teachers feel that this program would put extra work on them with record keeping, supervision and extra unpaid hours. The St. Helena Parish School Board is in no financial position to be burdened with more expense.

Personally, I think the parents or guardians can provide breakfast since food stamps, W.I.C. and welfare payments are provided for this item.

The school system provides one English, math, science, reading, writing, lunch, etc. and I feel that is sufficient.

Next time around it will be a brown bag for supper.

Sincerely yours,

CLARENCE E. SPEED,
Superintendent.

[Attachment III]

[From the St. Helena Echo, July 11, 1979]

BREAKFAST PROGRAM REJECTED AGAIN

(By Brenda Quant)

This year, 1979, has been designated the "International Year of the Child" by all of the countries that make up the United Nations, including the United States. Mr. Clarence Speed, our school superintendent, would evidently like to re-name it "The

International Year of All the Children in the World EXCEPT Those Attending Public Schools in St. Helena Parish."

Over the past year, a small committee of dedicated, hard-working volunteers have tried unsuccessfully to get the School Breakfast Program implemented in the St. Helena Parish Schools. The latest effort was a three-month petition drive to collect signatures of parish residents in favor of the Breakfast Program. The committee was able to collect over 200 signatures. But for every one person who signed the petition, they ran into two or three who were in favor of the program but refused to sign for fear it would get them in trouble. This made the work of the committee twice as hard.

The petition for School Breakfast was presented at the School Board meeting of July 2, 1979. After all this hard work, the superintendent and school board did not even look at it. They did not even mention it. They conducted their discussion of the program without ever once saying anything about the petition, and the final outcome as that the program was once again defeated.

While the members of the committee attempted to address the need for the Breakfast Program, some members of the board expressed their total contempt and disregard for any child whose mother was "too lazy to get up an fix breakfast." They completely ignore the fact that over one-third of the working people in St. Helena Parish are women. In fact, some members of the board employ women as personal maids to work in their homes. They should ask themselves who is fixing breakfast for the maid's children while she is fixing their breakfast.

Seventy-seven percent of the children in the parish could be receiving breakfast at school for free. Another six percent qualify for reduced-price breakfasts at 10 cents. For the paying children, 25 cents is the most they can be charged. This program would benefit all the children in the parish, regardless of income or race. And the entire program is paid for by our federal tax dollars. The cost of buying, transporting, storing, preparing and serving breakfast is paid completely by federal funds. Yet the superintendent and school board choose not to offer the program because they feel that the poor already get "too much."

Mr. Speed stated publicly in the school board meeting of July 2 and on paper in a letter to a local community worker on June 18 . . .

". . . Personally, I think the parents or guardians can provide breakfast since food stamps, WIC and welfare payments are provided for this item.

The school system provides one English, math, science, reading, writing, lunch, etc., and I feel that is sufficient.

Next time around it will be a brown bag for supper."

These are Mr. Speed's personal thoughts. He should keep them to himself. But since he chooses to turn his personal thoughts into school board policy, then we must compare the facts to his fantasies. Let's look at an average family which participates in the three programs he named.

Forty-four percent of all families in St. Helena Parish are poor. There are 1,219 households in the parish eligible to receive Food Stamps, yet only 451 are receiving them. This means that a little over one-third of the poorest families in the parish are receiving the benefits of the Food Stamp Program.

Aid to Families with Dependent Children (AFDC) provides a small monthly income for eligible children. The maximum monthly AFDC payment for a family of four in Louisiana is $172. This comes to $2,064 per year. If this family also receives food stamps, the maximum amounts of their coupons would be $204 per month. This would bring their entire yearly income to $4,512. That's not a lot of money, Mr. Speed. The official poverty line for this country is $6,700 a year for a family of four. Therefore, our family is $2,188 below the poverty line.

The WIC Program is a health program operated through the Parish Health Unit and is intended to add certain high protein foods to the diets of unhealthy women, infants and children. It is only open to pregnant women, nursing mothers, infants and children under five years old. School age children are not eligible for the WIC Program, Mr. Speed, so how can it be a substitute for the School Breakfast program?

The facts speak for themselves, Mr. Speed. With forty-four percent of the families in St. Helena Parish living in poverty, we need all the programs we can get that will benefit the poor.

No schools in St. Helena Parish have a Breakfast Program. This chart shows percentage of children receiving free and reduced-priced lunches and average yearly reimbursement the schools will receive if the Breakfast Program is implemented.

PERCENTAGE OF CHILDREN RECEIVING FREE AND REDUCED PRICE LUNCHES AND AVERAGE YEARLY REIMBURSEMENT

School	Percent	Average yearly reimbursement
Fifth Ward Elementary	96	$12,867
Greensburg	66	21,069
New Zion	46	7,191
Pine Grove Elementary	85	22,635
St. Helena Elementary	95	37,736
St Helena High	98	17,240
Woodland	94	12,630
Total revenue lost to parish		131,368

[Attachment IV]

[From the Baton Rouge Morning Advocate, July 26, 1979]

BREAKFAST PROGRAM EYED IN ST. HELENA

(By Jay Workman)

GREENSBURG.—A group of residents seeking a breakfast program in public schools in St. Helena Parish met with representatives of the Louisiana Hunger Coalition Wednesday night but left with no certain solutions.

All of the parents at the meeting said they favored the breakfast program, but some teachers and food service workers questioned the feasibility of administering such a program.

Brenda Quant, breakfast specialist for the Coalition, said 46 percent of the schools in the state have such a program, and that it would bring $131,368 in federal money into the parish.

Discussing the need for student supervision during the serving of breakfast, some parents suggested it be handled with a volunteer program. Ms. Quant also said the school board could pay for supervision if it wanted.

"It would be cheaper to feed all the kids free than it is to keep track of who's eating free, who pays part and who pays full," Ms. Quant commented. "I think there will be a move to do this nationwide."

She also said the program could be provided for a single school if the principal applied to the state.

"All we're saying is, 'Try it'," said Barbara Major, director of the Coalition. "We hope food service people will say to parents, 'We'll feed your kid in the morning, but you'll have to get up five minute early.'

"We're trying to get some teachers to go to a board meeting and say they're willing to work on the program so the board can't tell parents that all teachers are against the program." Ms. Major said.

"Some teachers are threatened about their jobs, and understandably so," she added. "We've never run into such opposition in other parishes, and this is one of the poorest in the state."

Earlier Wednesday, Superintendent of Schools Clarence Speed said the program would take time away from classroom work.

"We're not opposed to the breakfast program, but we are opposed to taking classroom time away from boys and girls," Speed said.

"Teachers are not trained to be carhops, they're not in the restaurant business: And it's not right for teachers to go to work at 6 a.m.," Speed said.

[From the Baton Rouge Morning Advocate, Aug. 2, 1979]

LETTERS—BREAKFAST IN THE SCHOOLS

(By Albertine L. Miller)

Editor, Morning Advocate: I wish to express my feelings toward a serious situation—the breakfast program in St. Helena Parish.

We have a breakfast program in St. James Parish and it works beautifully. All principals and our school board officials agreed to try the breakfast program in three schools on a trial basis. It was immediately implemented in all of the schools in St. James Parish.

Teachers should not be threatened about their jobs because they think the students should have a breakfast program. They shouldn't have to smother their thoughts because of that feeling. A good teacher is concerned with the total child, not just part of that child.

If other parishes can have a breakfast program and their students can go to the banquet table, all parishes should have such programs and all students should be able to go to the banquet table.

Everyone pays taxes and this is a very, very small price to pay for a nutritious breakfast in our schools. The program does not take any time away from classes and represents common sense.

Comments I've actually heard about the program include ones that stomach aches are less prevalent in the classrooms, students pay more attention in class, it helps families where both parents have to be away from home at work, it's safer for students to get breakfast at school than to attempt to prepare it themselves alone at home.

Since the program includes funds to pay for people to monitor the breakfasts, teachers don't have to expend that time and jobs are provided for some people who need employment.

Teachers, of course, are not trained to be carhops, but a breakfast is essential to an individual's health. There should be such a program in St. Helena Parish and in all others where it hasn't yet been implemented.

When there is a will, elected politicians will surely make a way. Voters should be honest with themselves and elect honest, dependable and loyal politicans who will think about all the people they represent and implement programs beneficial to those people.

[Attachment V]

WIC PROGRAM IN ST. HELENA

The Louisiana Hunger Coalition (LHC) has ranked each parish in the state according to relative need, based on health and poverty factors. The Louisiana State Department of Health and Human Resources (D.H.H.R.) as required by the U.S. Department of Agriculture, has also compiled a ranking of each parish and use this ranking to set their priorities for expansion of the WIC program into the unserved areas of the State.

Priority ranking for St. Helena, as set by[1]

Louisiana Hunger Coalition, second.

Department of Health and Human Resources, twenty-first.

There is a currently operational WIC program in St. Helena. There is one clinic located in Greensburg at the Parish Health Unit at: Courthouse Square, 120, P.O. Box 216, Greensburg, Louisiana 70441.

The history of the WIC patient caseload for the Greensburg clinic since December, 1977 has been:

Number of WIC patients, by month

Month:		Month:	
December 1977	1,136	May 1978	693
January 1978	1,028	June 1978	744
February 1978	896	July 1978	646
March 1978	620	August 1978	689
April 1978	637	September 1978	620

This decline in the number of WIC patients served in St. Helena has occurred because of a decision made by the Louisiana Department of Health and Human Resources in December of 1977 to make WIC a statewide program, adding the program to the then 23 unserved parishes without waiting for additional monies to come from the Federal government. Therefore, people were removed from the program in those parishes which already had an operating WIC program in order to free the money needed to open new clinics in unserved parishes.

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[1] Ranking by parish with No. 1 being the worst and No. 64 being the best.

HEALTH INDICATORS FOR ST. HELENA AS COMPARED TO STATE AND NATIONAL FIGURES: 5-YEAR AVERAGES 1971–75

[Rates per 1,000 live births]

	Infant deaths			Fetal deaths		
	Black	White	Average	Black	White	Average
St. Helena	24.2	36.4	28.5	19.8	16.2	18.5
Louisiana	26.1	16.3	20.2	18.0	9.2	12.6
United States	26.3	15.7	17.6	18.4	10.7	10.3

Note: Poverty indicators: Number per 1,000 population under 18 years on public assistance in 1977: 188 per 1,000 population.
Source: Louisiana Hunger Coalition.

[Attachment VI]

[From the St. Helena Echo, Sept. 5, 1979]

LOUISIANA HUNGER COALITION,
New Orleans, La., August 29, 1979.

Mr. CLARENCE SPEED,
Superintendent, St. Helena Parish Schools,
Greensburg, La.

DEAR SIR: I have spoken with Mr. Bob Alexander of the United States Justice Department concerning implementation of the School Breakfast Program in St. Helena Parish Schools. In his telephone conversation with you (Wednesday, August 22, 1979) you stated that you would be willing to support implementation of the Breakfast Program if the people of St. Helena Parish voted for a tax increase. Evidently you have a misconception of the way the program is operated and supported.

If you refer to the written materials we have provided you and the school board, you will note that the School Breakfast Program is completely paid for by the federal government. It is *not* necessary to levy local taxes to pay for the program. The federal breakfast reimbursement covers the cost of purchasing, transporting, storing, preparing, and serving the meals, and the amount of money provided has proven sufficient to run successful programs in hundreds of schools in the state.

We again offer you our assistance in getting the program started in St. Helena Parish. Please feel free to contact us if you need any additional information.

Sincerely,

BRENDA QUANT,
Program Specialist.

[Attachment VII]

[From the St. Helena Echo, Nov. 1, 1979]

U.S. DEPARTMENT OF JUSTICE,
COMMUNITY RELATIONS SERVICE,
Dallas, Tex., November 9, 1979.

Mr. CLARENCE E. SPEED,
Superintendent, St. Helena Parish School Board,
Greensburg, La.

DEAR SIR: This letter is being sent to record the objections to a parish-wide breakfast program for school age citizens who are unable to afford a breakfast at home or school, which you mentioned during our conversation last week. Also, this is to urge consideration by you and the parish school board of the several steps you might take to provide a breakfast for the economically disadvantaged school age citizens enrolled in the schools of St. Helena.

Your first stated objection was: "Our teachers would have to come to school before 7:00 a.m. and be on duty. We have no funds available to reimburse them for their time and effort."

Your second objection was: The kitchen help could not be paid for the extra hours worked, if they had to prepare the breakfast and then prepare for lunch.

The third objection was: The clerical and administrative help needed to process the papers required by the state and federal agencies could not be paid out of program funds because those funds are not adequate to cover that type of expense.

In response to your stated objections, I can find no basis. Therefore, I have to conclude that, either you have been misinformed on the cost of the parish-wide breakfast program, or the allowable expense items, or perhaps both.

I have talked with members of your staff, the Louisiana Office of Food and Nutrition Service, and the Food and Nutrition Service of the Department of Agriculture and have, based on statements made, concluded the program costs are covered by money allocated and/or charged in the reduced price category. Also that, based on contacts with other operating breakfast programs in Louisiana, the educational and community benefits far exceed the inconvenience and other burdens.

Because I am confident that you will not deny school age citizens the opportunity to enjoy breakfast and confront classes for the remainder of the day, I recommend you meet with persons from the community, the parish education community, the minority community, and those who have signed petitions requesting a breakfast program.

I am confident that assistance and support is available from the staff of the coalition against hunger, if you desire their assistance.

If I might be of help, please call.

Sincerely,

ROBERT ALEXANDER, *Conciliator.*

[Attachment VIII]

[From the Baton Rouge, La., Morning Advocate, Nov. 20, 1979]

BREAKFAST STANCE ANSWERED

(By Jay Workman)

GREENSBURG.—The U.S. Justice Department has notified St. Helena Parish School Superintendent Clarance Speed that it finds "no basis" for his objections to a proposed breakfast program for school children.

"I want to be sure the superintendent understood he could have a beneficial program at no cost to the school board," Robert Alexander, conciliator for the Department of Justice in Dallas, said Monday.

Alexander wrote a letter to Speed Nov. 9 stating this, and said Monday he would check with the superintendent next week to see what was going to be done.

"If he just doesn't want to do it, we'll want to know why," Alexander said. "We will first determine if there are racial overtones in the objections, although I don't say there are.

"Then we'll talk with the federal agencies that have money going to the parish and the town," the Justice Department official said.

Alexander's letter to Speed said in part:

"Your first stated objection was: 'Our teachers would have to come to school before 7 a.m. We have no funds available to reimburse them for their time and effort.'

"Your second objection was: 'The kitchen help could not be paid for the extra hours worked if they had to prepare breakfast and then prepare for lunch.'

"The third objection was: 'The clerical and administrative help needed to process the papers required by the state and federal agencies could not be paid out of program funds because those funds are not adequate to cover that type of expense.'

"I have to conclude that either you have been misinformed on the cost of the parishwide breakfast program, or the allowable expense items, or perhaps both," Alexander's letter said.

"The program costs are covered by money allocated. Also . . . based on contacts with other operating breakfast programs in Louisiana, the educational and community benefits far exceed the inconvenience and other burdens," the letter said.

"We're just talking about juice, milk and toast or a muffin," Alexander said Monday. "Additional lunchroom help can be hired part-time, or teachers paid extra, or volunteers used.

"The program can be used very positively, but it is tied to leadership at the top," Alexander said.

He also said he had a list of 100 parish residents who have petitioned in an attempt to get the free breakfast program started.

The St. Helena School Board offices are closed for Thanksgiving vacation this week and Speed could not be contacted for comment.

OVERSIGHT HEARINGS ON THE CHILD NUTRITION PROGRAMS

The School Lunch Program

SATURDAY, NOVEMBER 10, 1979

House of Representatives,
Subcommittee on Elementary, Secondary
and Vocational Education,
Committee on Education and Labor,
Helena, Mont.

The subcommittee met at 9:20 a.m., pursuant to notice, in the library of the Four Georgians School, 555 Custer Avenue, West, Helena, Mont., Hon. Pat Williams presiding.

Members present: Representatives Miller, Williams, and Erdahl.

Staff present: Marian Wymann, special assistant to the Chairman, and Beatrice Clay, staff assistant.

Mr. Williams. I will call this hearing of the Subcommittee on Elementary, Secondary, and Vocational Education to order. This is an oversight hearing on the national school lunch program.

The school lunch program is a prime example of this country's commitment to using the abundance of our Nation for the benefit of all our people. The school lunch program began as a means of feeding schoolchildren while using surplus commodities. Its importance as a farm support program is unchanged, but now it is also recognized for its contribution to good nutrition. Well-balanced meals improve the development and classroom performance of our children and serve as an effective tool in educating children about nutrition and its importance in their lives.

We are blessed with a fruitful land and we have a responsibility to see that our feeding programs are well run and that our food resources are put to the best possible use. In recent weeks, the news has shown us the hunger of children less fortunate than ours, and we need to do everything we can to help them. It would be a cruel irony to recognize this want without working to see that our own domestic programs are operating as they should.

This is an important part of our work here today: to seek ways of making a successful, beneficial program even better. We need to discuss proposed changes in the program, especially the proposals to reduce it. We want to know how these reductions would affect Montana and the Nation. We also want to look closely at Montana programs to see if there are ways in which the school lunch program can be adjusted to better meet special needs and characteristics of our State and similar States throughout the country. In Montana we serve some 15 million hot lunches in school per year.

So we especially want to hear from the most important people involved with school lunches, the youngsters who sit at the lunchroom tables. I don't think they will be at all shy in letting us know what they think of the program.

I am delighted to welcome our distinguished witnesses and all of you who care about children's nutrition to this oversight hearing on the school lunch program.

I want to introduce my two colleagues who were generous enough to take time out to come to Montana and be with us today. First let me introduce to you one of the most effective and respected members of the Education and Labor Committee, Congressman George Miller of California.

We are most fortunate to have Congressman Miller with us today because of his active interest in this program and his long history of concern for the well-being of this Nation's children. Congressman Miller has built an impressive record of advocacy for children through his role in shaping legislation in areas such as adoption and foster care, child abuse prevention and services, education for handicapped children, as well as child nutrition. I am pleased, George, that you are with us.

I would also like to introduce another highly respected member of our committee, Congressman Arlen Erdahl from Minnesota. Minnesota has through the years made a number of important contributions to education policy through the work of members of its congressional delegation, several of whom have served on the Education Committees of the House and Senate. So Congressman Erdahl serves a constituency that is very sensitive to the importance of education, and he serves them with the same dedication as his predecessors.

I would also note, Arlen, that our two States share a number of characteristics because they are both rural and we have the kind of winters where hot lunches are of special importance and have special meaning to us. So I look forward to your contribution and yours, George.

George, if you have an opening statement, we would be glad to hear it.

Mr. **Miller**. Just quickly because we have a great number of witnesses, Mr. Chairman. I am delighted to be here. I think it is important that we have this opportunity to get out and to listen to people who have to live with our handiwork on a day-to-day basis.

I think already this morning we had a rather candid presentation by Mr. Ridgeway explaining to us some of the difficulties he had in the delivery of the program and some of the burdens, if you will, that he has overcome to increase the participation in the program.

I hope that the witnesses will be relaxed and share with us exactly what they think. We spend a great deal of time in Washington listening to witnesses who posture themselves to say what they think we want to say. That is why we are here, so I would hope you would take this opportunity. And thank you, Pat, for arranging this.

Mr. **Williams**. Thank you, George.

Arlen.

Mr. **Erdahl**. Thank you very much, Congressman.

It is a real pleasure for me to be here in Helena. It is my first visit to this part of your State. As I told Pat as we came out here this morning, to see the beautiful scenery that surrounds this city and the beautiful city itself was almost worth the 8-hour trip on the airplane. [Laughter.]

I think before the day is over, we will be getting the experiences from people who are actively involved and personally involved in the school lunch program, whether as administrators, students, teachers, people in the community. We have a lot of people on the panel.

As Pat said, this is an oversight hearing. We have two basic types of hearings in Washington, and this is a new experience for me. I was elected about a year ago to serve in the Congress, and we deal with legislative hearings as far as changes in laws and amendments and so forth.

Now we are in a very important part of the legislative process. I think it is good that we come out in the country and get out to the real world, as we properly call it, out of Washington, to have an oversight hearing. This means we try to find out from people involved in a program that is based on legislation just how that program is functioning. Does it need to be changed, does it need to be strengthened, is it working quite well?

This is really what we hope to hear today. I think that all three of us are basically here not to talk but to listen. Again, I want to thank you, Pat, for the opportunity to be in your beautiful district this morning.

Mr. **Williams**. Thank you, Congressman.

We will continue now by calling to the witness table our first panel, Alve Thomas and Brisbin Skiles.

I will announce a couple of times during the hearing that because of the strong interest in the hearing, we have a large number of people who we want to hear and who want to testify. So we would appreciate it if the witnesses would confine their testimony to about 5 minutes, and we will try to be equally brief in our questions.

Alve Thomas is the deputy superintendent of public instruction. Brisbin Skiles is the manager of the division of school food services for the office of the superintendent of public instruction.

Alve and Bris, it is nice to see you again this morning. Alve, you may proceed.

STATEMENT OF BRISBIN SKILES, MANAGER, DIVISION OF SCHOOL FOOD SERVICES, OFFICE OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION, STATE OF MONTANA, ACCOMPANIED BY ALVE THOMAS, DEPUTY SUPERINTENDENT OF PUBLIC INSTRUCTION, STATE OF MONTANA

Mr. **Thomas**. For brevity's sake, Bris will give the position of the office, and he will keep it down to 5 minutes.

Mr. **Skiles**. Thank you.

As manager of the division of school food services in the office of public instruction, I am pleased to be able to present the views of the office on the national school lunch program for your consideration.

The school lunch program has traditionally been acknowledged as a model of Federal, State, and local cooperation in bringing the benefits of the program to all participating children. Its strength has been its perception as a program for all children, and it relative freedom from charges of fraud, mismanagement, and misuse of funds.

There is, however, in our view a grave danger that all that has been accomplished in the past will be erased by two USDA proposals. The first proposal is the proposed reduction of 5 cents per meal in Federal support of meals served to children who pay the full price.

This matter is now before Congress. We oppose this proposal on the following basis. Section 2 of the national school lunch program states that:

> It is hereby declared to be a policy of Congress, as a measure of national security, to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities by assisting the States—for the establishment, maintenance, operation and expansion of nonprofit school lunch programs.

The USDA estimates that up to 1 million fewer children will participate each day if Federal assistance is reduced by 5 cents. If Congress adopts this proposed cut, it would appear to me to be in opposition to its own policy to safeguard the health and well-being of the Nation's children.

The USDA also estimates that through a reduction of up to 1 million participating children daily, a savings of $27 million will be achieved in the purchase of domestically produced food. This also appears to be in opposition to Congress stated policy.

It has been a longstanding USDA policy that all meals served to children receive the same basic general assistance. A categorical reduction in support for meals served to nonneedy children changes this policy. This change, once established, will mean these meals will be subject to further reduction in Federal support and will eventually result in the school lunch program being perceived as a welfare program. Poor nutrition does not respect family income. It is as much a problem of middle and upper income children as low income. The school lunch has made a significant contribution to improving the health and well-being of children through better nutrition.

Children who are healthy and alert because of good nutrition have better school attendance and improved physical and academic performance.

The school lunch program has been a significant factor in utilizing domestically produced agricultural products. This helps promote a degree of stability in marketing these products.

The USDA proposes to save $100 million through a 5-cent reduction in reimbursement of meals served to the paying child. In Montana, less than one-fourth of the families eligible for reduced price meals submit applications for such meals, preferring to pay the full price.

The percentage of participation for the school year 1978–79 was 74-percent paid, 21-percent free, and 5-percent reduced. Although the percentage may vary from State to State, the number of families eligible for reduced price meals nationally is at least similar to the number eligible for free meals. Yet, the number of meals served at a reduced price is approximately one-third the number served free.

As the charge for lunches increases, however, there is a corresponding increase in the number of applications for reduced price meals. Due to the additional special reimbursement provided for free and reduced price meals, a change of one meal from the paid category to the reduced price category will more than offset a reduction of 5 cents in support for 11 paid lunches.

The second proposal is perhaps not as widely known, but it is the proposed rule to implement the assessment, improvement, and monitoring system, whose acronym is AIMS. The USDA has reserved $4 million in State administrative expense funds to implement this proposed system.

Briefly, the stated purpose of AIMS is to require that States insure the general integrity of the child nutrition programs through a series of economic sanctions.

It is the view of the office of public instruction that program monitoring systems already in place have in the past and will in the future assure program integrity. It is our view that allegations of fraud and mismanagement brought by the Office of Audit, USDA and other agencies are far overstated and have little basis in fact.

This is proved by final disposition of audit exceptions, which are far less than the original report may indicate. It is our view that additional requirements in manpower and funds will not be cost effective nor productive in bringing about program improvements.

Our major opposition to the concept of AIMS, however, is that imposition of sanctions effectively destroys the longstanding cooperation between the USDA, State educational agencies, and local education agencies. The primary function of the State agency will no longer be one of rendering assistance to local programs, but one of demanding compliance to all requirements.

In our view, the future of the school lunch program in Montana and the Nation is not bright if USDA implements either or both of these proposals.

There are other areas of consideration that I would like to bring to your attention. It is our view the differential in the earning factors between free and reduced price meals should be established at 20 cents for all States. To my knowledge, Montana and Idaho are the only States that have maintained a 20-cent charge to the child since January 1 of last year. To my knowledge, every other State mandated a 10-cent differential in order to continue the earning factor at 10 cents.

It is also our view that no child nutrition program should be mandated. The success or failure of the school lunch, breakfast, and milk programs is dependent upon local implementation and support. Efficient operation comes from administrative concern, good management, and community support. Financial sanctions cannot correct deficiencies in these areas.

Changes in meal pattern requirements for the school lunch program being implemented this year and next will add substantially to the cost of operations. Many Federal requirements imposed in the last several years have added substantially to the cost of producing a lunch without adding to the nutritional quality of the meal.

Although the school lunch program is a Federal program, in Montana, two-thirds of the operating costs were paid from sources within the State. The total cash costs of operating the school lunch, breakfast and milk programs for the 1978–79 school year was $18,165,880. This is an increase of 15.77 percent over the previous year.

It is our view that program costs that derive from Federal requirements should be compensated by Federal funds.

We want to thank you for your consideration, and if you have any questions, we would be pleased to answer them.

Mr. Williams. Thank you very much, Bris and Alve.

In your testimony you mentioned that less than one-fourth of the families eligible for reduced meals are included in that part of the program. How do we improve that situation?

Mr. Skiles. Well, I think that primarily it is a matter of pride. They simply prefer to pay the full price rather than receive what they consider to be welfare assistance. I think that is the general perception for families in this income category.

However, as I indicate, when the charges to children for lunches increase and other inflationary factors impact on their income, they find they have to overcome the matter of pride and submit applications.

Mr. Williams. Do the various school districts have a choice as to what commodities they receive?

Mr. Skiles. Yes. Every school district can refuse whatever commodities.

Mr. Williams. Can they order? Can they request certain commodities?

Mr. Skiles. Most commodities are widely accepted. The schools in the allocation process will accept all the commodities that are allocated to them. The only commodities that we may have in reserve are some that may not be so widely accepted and consequently rejected by some schools because they may have difficulty with them, but other schools may find use for them and can accept a greater quantity than that originally allocated.

Mr. Williams. Thank you.

Congressman Miller.

Mr. Miller. Are you suggesting that there is a fair number of children or children and their families who will not participate in the free or reduced price meal as a matter of their own sense of pride, in Montana?

Mr. Skiles. Yes.

Mr. Miller. We have heard this testimony elsewhere but generally it is involved with some of the urban areas. But you tell us that the situation is the same here.

Mr. Skiles. Quite so, yes.

Mr. Miller. Do you think, if the prices were to remain the same in the reduced category and, let's assume, even across the board, are you seeing any impact of just the general increases in food costs in terms of families deciding that this is a bargain for them, or is the full payment still too expensive to prohibit them from coming into the program?

Mr. **Skiles**. I see that they perceive it as a bargain at this time. However, what we are looking at because of inflation, I would say that probably most schools next year will have to increase their charges by at least 5 cents in order to overcome the impact of inflation itself.

If there is also a corresponding 5-cent reduction in Federal reimbursement, then we are looking at least at a 10-cent increase. Up until 3 or 4 years ago when inflation really began to make itself felt, with a 5 cent increase in the charge to the child, you could almost predict that there would be a 5-percent decrease in participation, at least for 2 or 3 months.

People generally have, I think, come to accept that schools must increase their charges in order to keep up with costs. So we do not see so much a drop in participation at the 5 cent charge, but we do note that where schools last year increased their charges by 10 cents, they experienced approximately a 5-percent drop in participation.

Mr. **Miller**. Do you think that if you were just to have two categories of programs, free and fully paid, that that would make a difference if obviously free was expanded up to the limits of reduced? Do you think because of the broader number of households that that would cover, that that would eliminate some of the problems of the feeling that they are singled out or they are especially poor, or the matters of pride, if you took the free to the level of reduced?

Mr. **Skiles**. No, I do not. I think that it would accentuate the problem. I feel that in fact the great majority of families in Montana would prefer to pay something rather than accept a meal at no charge. I think that they would rather pay something, whatever that may be.

As I say, we did not mandate a 10 cent charge. It was my view that the great majority of people in Montana in and out of schools preferred to stay with the 20-cent maximum charge for reduced price meals. I don't think a charge of 10 cents would have any effect whatsoever in increasing participation in that particular category.

Mr. **Miller**. You obviously can't supply the program with a single universal charge. In your case where it is your testimony that people desire to pay, and I think that is true in most areas, at least where we receive testimony, that people prefer to pay, a low enough universal charge, free, reduced, and fully paid, you are either going to have to make the decision to go to a free program or——

Mr. **Skiles**. Or a charge of some kind, yes.

Mr. **Miller**. Which will never cover the cost of the program.

Mr. **Skiles**. That is correct.

Mr. **Miller**. Thank you.

Mr. **Williams**. Congressman Erdahl.

Mr. **Erdahl**. Thank you, Mr. Chairman.

Just a followup question to Mr. Miller's question. We know, I think, those of us who have children or work with them as school administrators or teachers, that the last thing any of the kids want to do is be different from the other people in their peer group.

Do you make some kind of an attempt to see that the person receiving a free meal or reduced meal or the regular one is not singled out, so that there is a certain kind of anonymity to the process?

Mr. **Skiles**. We make every effort and I think our local schools make every effort to protect the anonymity of the child participating in the free or reduced price category. As a matter of fact, we frequently will visit schools and there are only two people in the whole school system who will know which children are participating at that level. That is the school administrator and the secretary who has to keep the records.

They will go out of their way to assure that teachers or anybody else don't know. Occasionally a school will inadvertently, in trying to bring about improved accountability, inadvertently implement a system that doesn't protect anonymity. In that case, a telephone call or just a comment that you have to change is made, and there is no reluctance once it is pointed out.

I have not known of an instance where school administrators will deliberately violate that particular segment of the regulations.

Mr. **Erdahl**. That is good. I think originally the reason for the regulation was that there was a distinction made. Kids would have to go through a different line and have some colored ticket or something. I am pleased to hear what you are doing here in Montana.

Just one other point before we go on to some other questions and other people on other panels. You made the statement in your last paragraph—and I think it is one those of us who happen to be associated with the Federal Government need to hear—about the cost of complying with regulations, various reports and what not.

I think you made the point, one that we should remember, that these regulation requirements add substantially to the cost of producing a lunch without adding to the nutritional quality of the meal. I think that is a good thing for us to remember.

Mr. **Skiles**. I would estimate, in talking to various administrators, that the implementation of Federal regulations that make no contribution, regulations in regard to accountability, regulations in regard to free and reduced price policy, add from 10 to 15 cents to the actual cost of the meal.

This additional cost may be absorbed by the school district, but it is a cost factor.

Mr. **Erdahl**. Thank you very much.

Thank you, Mr. Chairman.

Mr. **Miller**. What is the experience of Montana in terms of audit experience?

Mr. **Skiles**. Our program audits to meet the requirements are carried out basically by auditors from the department of community affairs, a State agency.

Mr. **Miller**. But in terms of USDA or Federal agency coming in and auditing and finding problems, have complaints been leveled in the State?

Mr. **Skiles**. We were audited by Federal auditors a year ago, last spring. To illustrate the thing that we are talking about, they audited four school districts and they submitted the original report including substantial overclaims against all four school districts.

Now, by substantial, in Montana substantial is $5,000 to $7,000. When the auditors came in to review, these particular things, I pointed out that what they were overclaiming against was actually permitted in the regulations. Basically it had to do with adjusting meal size.

I told them that we encouraged the serving of meals to elementary children, that these be adjusted to serve the particular needs of the child being served. We ended up that there was only one overclaim against one district. All the others were adjusted completely out.

Mr. MILLER. Thank you.

Mr. WILLIAMS. Thank you very much, gentlemen.

Mr. SKILES. Thank you, sir.

Mr. WILLIAMS. Let me find out how many of our young people are here today. If you will stand when I call your names, we will know how to seat you here at the witness table, whether we need more chairs. Will you stand when I call your name, please.

Miss Chapman, Mr. Davis, Miss Tomich, Mr. Skinner, Miss Syskowski, and Miss Bakki. Please come up to the witness table, and we will get some more chairs.

Who is from the Blaine School? I used to teach over there, you know. Are you in the sixth grade?

Miss TOMICH. Yes.

Mr. WILLIAMS. How are the fractions coming? I used to teach sixth grade over there. Fractions were murder when I taught there. Who is your teacher?

Miss TOMICH. Mr. Douglas.

Mr. WILLIAMS. Is your room on the playground side or is it on the other side?

Miss TOMICH. It is on the other side.

Mr. WILLIAMS. It is on the other side. They moved it.

Who is with the Smith School? Jarrod? What grade are you in, Jarrod?

Mr. DAVIS. Fifth.

Mr. WILLIAMS. Did you know Erin Williams? Did you know Whitney Williams?

Mr. DAVIS. No.

Mr. WILLIAMS. My kids went to Smith School. They are not very well-known, are they? [Laughter.]

Let's start with Miss Tomich. You give us whatever testimony you have, ma'am.

PANEL PRESENTATION: DAVENE TOMICH, BLAINE SCHOOL, BUTTE, MONT.; JARROD DAVIS, SMITH SCHOOL, HELENA, MONT.; ANGELA CHAPMAN, WEST JUNIOR HIGH SCHOOL, BUTTE, MONT.; MIKE SKINNER, HELENA JUNIOR HIGH SCHOOL, HELENA, MONT.; AND CINDY BAKKI, EMERSON SCHOOL, BUTTE, MONT.

STATEMENT OF DAVENE TOMICH, BLAINE SCHOOL, BUTTE, MONT.

Miss TOMICH. I think the hot lunch program is good because it is the only hot meal some children have. For some children, this is the only meal they have. I think that the program helps when students forget their lunch at home.

Some of the favorite meals they serve are beef-o-lay and tacos. There are some foods I don't really care for, but I don't really care for them at home either. [Laughter.]

Mr. Williams. Thank you.

Mr. Davis.

STATEMENT OF JARROD DAVIS, SMITH SCHOOL, HELENA, MONT.

Mr. Davis. I think the Smith School hot lunch program is good because it gives you a balanced meal and fills you up. Mr. Hartman, our principal, does a good job of running the program at Smith. I think that Mr. Hartman letting the kids work in the lunchroom to earn the lunches is good.

When you get the lunch it is still hot. When you are done, the cooks will take your plates and you won't waste your recess time. I also think they should have recess first and then have lunch. I think when you are done, your milk and most of your meal should be all gone.

I like when they put the food on your plate and they don't ask how much you want. It wastes time. I also like the way you don't have to eat all of the food on your plate, just some of it. They are not pushing you to eat everything. When you think you are done, you raise your hand and an adult will come over and tell you to eat more or you can go.

I also think they have hot dogs too much because they have them every week. I really like the Smith hot lunch program and the whole school. It is really good.

Mr. Williams. Thank you, Jarrod.

Angela.

STATEMENT OF ANGELA CHAPMAN, WEST JUNIOR HIGH SCHOOL, BUTTE, MONT.

Miss Chapman. Congressmen, my name is Angela Chapman and I have eaten on the hot lunch program for 10 years. I have also worked on the hot lunch program since September of this year. Ever since the beginning of this year, I have seen a lot.

To begin with, I feel people paying for the hot lunch are getting a pretty fair deal. Working in the kitchen, the students come to me with their compliments and complaints. Here are some of their compliments on the hot lunch program.

One, the food is very tasty, for the best part. Two, they keep their kitchen very clean. Three, the staff seems very nice and helpful. Four, the hot lunch line goes through very fast. Five, they like it when they get a selection of what to eat.

Here are some of their complaints on the hot lunch program. One, the hot lunch is cold instead of hot. Two, sometimes there is not enough to eat. One of the most common complaints is that the milk is sour or starting to turn that way. Four, not enough supervision in the lunch hall. Five, sometimes the food is too spicy or not cooked enough.

Eating the hot lunch for as long as I have, I could probably go on and on. But since I have to make this as brief as possible, I will.

When I was in grade school, we did not have the selection we have in junior high and high school. We had to eat what they gave us. I feel that since they call it a hot lunch, they should serve hot foods at the grade schools and do like they are doing for the junior high and high schools instead of serving foods like peanut butter and jelly sandwiches and chef salads.

I feel that in order to do this, we are going to need at least the money you are giving us now, instead of cutting it back.

Thank you for asking me to express my feelings and others' towards the hot lunch program.

Mr. **Williams**. Thank you, Miss Chapman.

Mr. Skinner.

STATEMENT OF MIKE SKINNER, HELENA JUNIOR HIGH SCHOOL, HELENA, MONT.

Mr. **Skinner**. I am not really prepared to have——

Mr. **Williams**. That is how we do it in Congress, Mike. Just go ahead.

Mr. **Skinner**. I think the hot lunch program is a good program because it is quick and gives you good nourishment, and that you get several things and sometimes a choice of what to eat. I like it because you get a chance to get to know a lot of the kids a lot better when you are in the hot lunch line. You get to talk with them when you are eating.

I think it is just a pretty good program and the kids like it pretty well. Sometimes you don't get in early enough to eat, but I think it is a real good program and I think they should keep it.

Mr. **Williams**. All right, Mike. Thank you.

Miss Syskowski.

There was no response.

Mr. **Williams**. She is not here.

Cindy Bakki.

STATEMENT OF CINDY BAKKI, EMERSON SCHOOL, BUTTE, MONT.

Miss **Bakki**. I think we should keep the hot lunch program because most of the people eat it. If they forgot their lunches, it would be a great deal.

So if we were to drop the hot lunch program, most of the kids wouldn't have time to make their lunches in the morning, and therefore they would have to go home. Most mothers and fathers work, so they wouldn't be able to come home and make lunch for them. If they had to use the stove, they could get burned or cut themselves cutting a sandwich in half.

Mr. **Williams**. Thank you, Cindy.

Down at West Junior High, Angela, and Mike, over here at Helena Junior High, we are told that not a lot of the students eat in the hot lunch program, that they choose to bring their own lunch or go out for lunch, particularly in high school. I recognize you are not there yet.

What do you think would be the reason that your friends would be eating in the hot lunch program.

Miss **Chapman**. I think mostly it is because—well, it is kind of a hard question.

Mr. **Williams**. Do you have any friends who don't eat a hot lunch at school?

Miss **Chapman**. I have lots of them, but they kind of like to bring their food from home.

Mr. **Williams**. Do you eat the hot lunch each day or do you bring lunch from home sometimes?

Miss **Chapman**. It depends on what I am doing. If I am going to a meet or something, I will eat my sack lunch or something like that. If I am in school and am going to be in all day, I will eat the hot lunch. The hot lunch is fairly good food.

Mr. **Williams**. Do some of your friends who do not eat the hot lunch not eat any lunch, or do they all bring a sack lunch.

Miss **Chapman**. There are only a couple of them who don't eat at all. Some of them feel they have low income and they would have to get the free tickets, and they have too much pride for the free tickets.

Mr. **Williams**. Mike?

Mr. **Skinner**. I have quite a few friends in junior high who don't eat the hot lunch because they just don't like the meals that they serve, and they kind of feel cheap buying it, so they just bring their own lunch to school.

At the high school, a lot of the kids don't eat the hot lunch because they serve about the same thing every day so they just go off to a store or something.

Mr. **Williams**. Cindy and Jarrod, which is best for you: a hot dog or a dish of chocolate ice cream?

Mr. **Davis**. A hot dog.

Mr. **Williams**. A hot dog. What do you think?

Miss **Bakki**. A hot dog.

Mr. **Williams**. Cindy, what are the four food groups? Do you know the four basic food groups, the names of them?

Miss **Bakki**. Yes.

Mr. **Williams**. Can you tell us what they are?

Miss **Bakki**. Fruits and vegetables, bread and milk, meat.

Mr. **Williams**. Okay, milk and meat. Those are the four.

In your hot lunch programs at school, or when you bring your sack lunches, do you get those four food groups, either when you bring it from home or you have it at school? Do you know whether or not you are getting that?

Miss **Bakki**. Most of the time.

Mr. **Davis**. Pretty much of it.

Mr. **Williams**. Angela?

Miss **Chapman**. Serving the hot lunch, we do give them a little of each group. They can take the milk if they want it, chocolate or white. They get their vegetables, and they always get bread no matter what they get. And they have always got meat of some kind or another, some type of meat.

Mr. **Williams**. Congressman Miller.

Mr. **Miller**. Cindy, I think you said that some of the kids maybe don't eat the program because they don't want to get the tickets for the free lunch. Is that how it is done?

Miss **Chapman**. I said that.

Mr. **Miller**. Excuse me. Angela said that. The free lunch students are given tickets?

Miss Chapman. No, they aren't giving their tickets away. It is just that the people who have low income, and I know a couple of them, feel that they will lower their pride by getting the free tickets, and they don't eat at all.

Mr. Miller. Right. Are they a different color, or are they the only ones that get a ticket? When they come through the line where you serve the program, is there a difference in the tickets?

Miss Chapman. I don't think so.

Mr. Miller. But they don't want to participate because they don't want other students to know?

Miss Chapman. Yes, I think that is pretty much it.

Mr. Miller. Mike, what are you eating?

Mr. Skinner. What am I eating?

Mr. Miller. Yes. It is obviously working. I just wondered what it was. [Laughter.]

Do you eat the school lunch every day?

Mr. Skinner. Most every day, yes.

Mr. Miller. How do you decide whether you are going to eat the lunch? If you don't eat the lunch, what do you do? Do you pack your own lunch?

Mr. Skinner. No, I usually go out for lunch.

Mr. Miller. You go off campus?

Mr. Skinner. Yes.

Mr. Miller. You go out where, to a burger place or a store?

Mr. Skinner. Yes, Taco John's or——

Mr. Miller. Taco John's. Only in Montana would it be Taco John's. [Laughter.]

In California, Taco John would starve to death. Excuse me.

What does it cost you to go to Taco John's to have lunch?

Mr. Skinner. At Taco John it depends on what you want.

Mr. Miller. Just to eat.

Mr. Skinner. Just to eat it would probably cost $1.25, maybe.

Mr. Miller. So you look at the menu of the school lunch and decide if you want that, or if you have something else going on in school. Lunch comes before recess, right, in most of your programs? So you have to try to finish your lunch and then get your free time to play sports or to talk to your friends or whatever you want to do, so it is sort of crowded in.

One of you suggested that the lunch should come after the recess.

Mr. Davis. Yes, I did.

Mr. Miller. Jarrod, my kids say that sometimes, too, that they just gobble up the lunch or they throw it away or whatever because they want to go out and play. They want to get the basketball court or whatever it is they are going to play.

Mr. Davis. Most kids will hurry up and eat and then try to go out there and get a swing or something.

Mr. Miller. Do you think you might be hungrier if you came in at the end of the half-hour recess or 40-minute recess?

Mr. Davis. Yes.

Mr. Miller. And then you would eat all the peas and carrots, maybe?

Mr. Davis. Yes.

Mr. MILLER. That is very interesting because a lot of teachers wh[illegible] testified before this committee and who I have talked to, Ja[illegible]id the same thing. They have said that they think part of the [illegible]ipation problem, and certainly plate waste—and I have eat[illegible] of school lunches, and I look like it, too—with students is, and it is very clear in the cafeteria, that they are trying like crazy to get out of there because they have 20 minutes left or 40 minutes left and they have to go back into the school.

Maybe if the process was reversed, they would eat more of it. What do you think, Cindy? Do you think you would eat more after recess?

Miss BAKKI. Yes, because then you are more hungry after you have recess.

Mr. MILLER. And you are thirsty, so you might finish the milk?

Miss BAKKI. Yes.

Mr. MILLER. Maybe that is something we can think about. I assume that school districts have the flexibility to do that or not do that, whatever they would determine, but it certainly would have an impact on participation.

I assume with your friends in high school or your brothers and sisters in high school, that they would rather go cruising at noontime than eat the school lunch program, maybe?

Mr. SKINNER. Yes.

Mr. MILLER. Yes. It is the same everywhere.

Thank you very much.

Mr. ERDAHL. Thank you, Mr. Chairman. And thanks to the young people for adding much to our being here today, I think, by their personal observations.

Just to follow up on Congressman Miller's comment. Do you think it is a good idea for kids to have cars in high school to use at noon hour, or should they leave them on the school if they have to drive to and from school? What do you think?

When you get to high school, do you think you want to drive your car around at noon, or would you rather park it there if you had one?

Mr. SKINNER. Well, I would probably park it because it costs a lot for gas.

Mr. ERDAHL. I wish a lot of other people would feel the same way. [Laughter.]

Somebody mentioned, maybe it was Angela, that the milk is not fresh. Is that a common complaint? It seems to me that usually on your milk container it is stamped to use before such and such a date. Do you think some of the milk is not kept cool, or why would it taste stale or kind of sour or bitter?

Miss CHAPMAN. We have special people who serve it on the hot lunch line. We serve first, second and third, but on first, we serve——

Mr. ERDAHL. I don't understand what you mean by first, second and third.

Miss CHAPMAN. There are three lunch periods, breaking it down.

Mr. ERDAHL. Oh, OK.

Miss CHAPMAN. On first, we serve the first half. Then we leave our stations and go and eat the second half of first, and the milk is left out while we eat. Then we come back and put it in. I feel that it gets warm during that period of time.

Mr. **Erdahl.** Kids don't like warm milk in Montana? [Laughter.] Cindy, you are in what grade?

Miss **Bakki.** Sixth.

Mr. **Erdahl.** A sixth grader. Do you find that some of the boys and girls in your class don't take part in the school lunch program? We have learned this morning that the student participation is pretty good in the grade school and the junior high, but in high school it falls off, evidently because they can take off and go to McDonald's or Taco John's or wherever it is.

Do you find that a lot of the kids in school would rather bring their own sack lunch from home, or do most of the kids at your school eat the hot lunch?

Miss **Bakki.** It is half and half. Half the people bring their lunch and half the people eat the hot lunch.

Mr. **Erdahl.** Do you think that is because it costs a little bit to buy the lunch or because they would just rather bring something that mom prepared from home?

Miss **Bakki.** I think they would just rather bring their own.

Mr. **Erdahl.** Very good. Thank you so much. I have no further questions.

Mr. **Miller.** What do you think is the one thing that would really make the program much better? If you can't think of anything, you don't have to. But just what is the one thing that really bothers you about the program or you think they ought to change to make it better, or that your friends tell you? Can you tell us? Jarrod?

Mr. **Davis.** In one school they have hot dogs almost every other day or something, or at least every other week, and you get kind of sick of it.

Mr. **Erdahl.** If you would yield, Mr. Miller, what would you rather eat than hot dogs? I thought you guys all liked hot dogs.

Mr. **Davis.** Well, I do.

Mr. **Erdahl.** Would you rather have a hot dish or what?

Mr. **Davis.** Probably tacos or pizza or something. I like hot dogs, but if you have them every week, you kind of get sick of them.

Mr. **Skinner.** I think the same way, but I don't think they are really sure of what the kids like. They could probably find out what the kids liked and then maybe change their selection. They could probably get a lot more kids to eat in the program.

Mr. **Miller.** Do the kids ever get to help the menu, that you know of? I know in many of the schools in the district I represent, the kids help put the weekly menu together.

Angela?

Miss **Chapman.** In a way, they do help put the menu together.

Mr. **Miller.** What do you think would help the program the most?

Miss **Chapman.** Probably a better selection of what to eat. They do have stuff over and over and over again. It gets kind of boring. Or you get too much of one thing and you don't want it any more.

Mr. **Miller.** When I first got married, I told my wife I loved her lasagna. I had lasagna for 6 months.

Miss **Chapman.** Try stew. [Laughter.]

Mr. MILLER. Cindy, what do you think? Cold milk?

Miss BAKKI. Well, see, we just keep our milk out most of the time. It gets hot, so the kids don't like that either. I think we should get cold milk and have better selections on food.

Mr. ERDAHL. Mr. Chairman, could I ask another question? This came to mind. I betray an ignorance by not knowing, and maybe it isn't offered here, but do you people in the schools represented here have the availability of a breakfast, or do you have a lunch in the middle of the day? In grade school do you still have a lunch or a cookie available in the middle of the morning or middle of the afternoon? Do you have that?

Miss BAKKI. No.

Mr. ERDAHL. And you don't have the breakfast in these schools.

Miss BAKKI. No.

Mr. ERDAHL. In some places that is done. Thank you very much.

Mr. MILLER. Do you get hungry before lunch?

Miss BAKKI. No.

Miss CHAPMAN. Sometimes.

Mr. MILLER. I do. I just wondered if you do. [Laughter.]

Mr. WILLIAMS. Miss Tomich, say your first name for me?

Miss TOMICH. Davene.

Mr. WILLIAMS. Davene, at the Blaine School over in Butte, does everybody pay the same for lunch? Do all the students pay the same amount of money to buy lunch that day?

Miss TOMICH. Some of them get half.

Mr. WILLIAMS. How do you know that? How do you know they get half? You are right, some of them get half. What we are wondering is how is it you know some of them get half. No one is supposed to know, but everybody does. And that bothers the Congress a great deal.

Now, you know somehow that they get half. That is good that you know, and we would like you to tell us how you know that.

Miss TOMICH. Because the kids tell you.

Mr. WILLIAMS. The kids tell you. Squealers. Is that the only way you know, that they tell you?

Miss TOMICH. I do.

Mr. WILLIAMS. Do the tickets look different?

Miss TOMICH. No. You can buy them in 10 or 20 days. The 10, I think, are yellow, and the 20 are blue.

Mr. MILLER. You can buy them for a period of time. Whether it is free, reduced or full paid, you buy a ticket and you get 10 meals.

Miss TOMICH. Yes.

Mr. MILLER. If it takes you 20 days to use it, you still get 10 meals.

Miss TOMICH. Yes.

Mr. WILLIAMS. How about over here at Smith, Jarrod. Do some students get lunch at less cost than others?

Mr. DAVIS. Yes; one kid I know does. He is kind of poor, I guess, so I guess he only has to pay a little bit for it. And sometimes, I think, in the beginning of the year, about a week after we were in school, they gave you this thing to take home. It said do you want your child to have free lunches, or something, and it had all these details on it.

Mr. Williams. I want you to know how much we appreciate all of your coming out on a weekend morning when you could have slept in. We thank you very much for helping people in the country understand more about what students think about hot lunches. Thank you very much. [Applause.]

Our third panel is Tom McKenzie, Kay Kilby, and Rick Kravas.

Tom McKenzie is with the community food and nutrition project, Human Resources Division of the Department of Community Affairs. Let me introduce these other people too, Tom. Kay Kilby is the president of the Montana School Food Services Association. Rick Kravas is the hot lunch director over in Butte, and also secretary-treasurer of the Montana Nutrition Council.

We welcome you all here today.

Tom, we will hear from you first.

PANEL PRESENTATION: TOM McKENZIE, COMMUNITY FOOD AND NUTRITION PROJECT, HUMAN RESOURCES DIVISION, MONTANA DEPARTMENT OF COMMUNITY AFFAIRS; KAY KILBY, PRESIDENT, MONTANA SCHOOL FOOD SERVICES ASSOCIATION; RICK KRAVAS, SECRETARY-TREASURER, MONTANA NUTRITION COUNCIL, AND HOT LUNCH DIRECTOR, SCHOOL DISTRICT NO. 1, BUTTE, MONT.

STATEMENT OF TOM McKENZIE, COMMUNITY FOOD AND NUTRITION PROJECT, HUMAN RESOURCES DIVISION, MONTANA DEPARTMENT OF COMMUNITY AFFAIRS

Mr. McKenzie. I would like to begin my statement with a quote from Representative Carl Perkins of Kentucky, the chairman of the House Education and Labor Committee. He stated:

> The proposed cuts may potentially undermine all of our efforts over the past three decades in behalf of child nutrition. If we were to turn around now and legislate measures that would eliminate needy children from these programs, we could be losing sight of our objectives. We would also be forfeiting precious ground we have worked so hard for over the past 33 years.

I would like to speak to the proposed cuts in the child nutrition programs in general. While they are still rather doubtful this year, it looks as though each year we are going to be faced with the same battle.

Right now, the proposed cuts in the school lunch program, in my opinion, undermine the importance of programs like school breakfast, which as a nutrition advocate we are working so hard to expand, particularly here in Montana.

Right now we have only 11 percent participation of our schools in the school breakfast program. Studies continue to come out on the importance of a nutritious breakfast. I feel that we are on the verge of losing all the momentum that has been gained by concerned groups and that the entire school breakfast program could take a giant step backward.

I also feel that we can't sacrifice one child nutrition program to save another one. The WIC program, which directly serves the nutritional needs of pregnant women, infants and nursing mothers, provides a basis to insure good nutrition at the most critical stage of development.

The child care food program continues the opportunity for good nutrition in child care settings. School breakfast and lunch logically follow, along with the summer food program filling in the gap during the summer months.

The object of these programs is to guarantee that our children get the proper nutrition to provide them with the right to become healthy and productive citizens. Instead of looking at proposed cutbacks in these programs, we need to support and push for expansion of all of them.

In terms of school lunch, I think we are provided with a great opportunity to provide nutrition education for our children. Since the inception of the school lunch program, nutrition education has never been required as an integral part of the program.

Moreover, nutrition education is not a requirement in the curriculum of Montana's public schools but is taught only if the teacher elects to do so. Since the majority of teachers do not take a nutrition course in college, they are often not properly prepared to teach a series of lessons on nutrition.

In eastern Montana we learned earlier this year that some schools were bringing in people from health food stores to teach nutrition in the schools. We became very alarmed at this, not knowing the background and training of these people, and obviously they have a vested interest in selling and promoting health foods.

The nutrition education and training program authorized by Congress in 1978 is a step in the right direction, but because of regulatory problems and administrative problems at both the state and Federal levels, Montana lost $45,000 of the nutrition education and training money this year.

Why create a separate program? Why not amend the school lunch program to include minimum requirements for nutrition education and training? State administrative expense funds could be earmarked with specified percentage for nutrition education. Including nutrition education as an integral part of the School Lunch Act would assure funding of nutrition education and prevent fragmentation between the food service component and the nutrition education component.

The WIC program currently operates on this concept and has proven to be a successful program in improving the health of the population it serves.

I would like to also just briefly speak to a couple other issues that I think are very important when we look at the school food program. That is food quality. I think we have a responsibility, listening to the children this morning, to insure proper quality of the food that is served.

In September of this year, we had a legislative workshop in Helena, looking at the competitive foods issue, and what should be done in terms of banning or legislating eliminating junk foods from the school. It seemed to be the consensus of the group that one of the things we really had to do was to look at the food quality that was served in the lunch programs, improve the nutrition education in the schools so that children could make a choice; not ban the foods altogether, but offer alternatives and give them the information to make the proper choices.

Finally, I would just like to speak briefly to the nonfood assistance money that we receive in the State to set up new programs. In speaking with the Office of Public Instruction, I learned that we receive approximately $90,000 every year in nonfood assistance money, and that this money has been already committed for the next 3 years.

So it is very difficult to look at expansion for new lunch programs and/or new breakfast programs. It is estimated that for some schools, the cost of setting up a new kitchen would be $100,000, which is more than we receive totally. I think this is particularly critical in small schools where the school district is very small and the cost is just prohibitive for starting a new program.

I thank you for letting me share those thoughts with you.

Mr. **WILLIAMS.** Tom, thank you very much.

Kay.

STATEMENT OF KAY KILBY, PRESIDENT, MONTANA SCHOOL FOOD SERVICES ASSOCIATION

Ms. **KILBY.** I am Kay Kilby. I am the president of Montana School Food Services Association, and also the supervisor in Great Falls of the school food service.

I would like to express my concerns about the administration's proposed budget cuts in child nutrition programs. The national school lunch program has been successfully providing low-cost, high-quality meals to children from all income levels for the past 33 years.

This program was established to promote the health of our Nation's children by offering a nutritious lunch and to utilize excess agricultural commodities in the preparation of these meals.

The administration's proposal to reduce reimbursement to the paying child by 5 cents will have the short-term effect of reducing Federal expenditures, but its long-term effects are not known. In Great Falls, this will mean an added cost of $63,042.30 to the community in the 5 cents added cost on the charge of meals.

The rising costs of food and labor may force us to raise the price of meals by 10 cents if the 5-cent cut goes through.

The Great Falls program operates self-sufficiently with revenue from Federal reimbursement, meal ticket sales, and a la carte sales. This is possible through an efficient use of labor and high percentage of participation, about 63 percent. This keeps our meal costs down.

During October we served 8,493 student meals. Of these, 18 percent were free, 8 percent were reduced rate, and 74 percent were full price. The Great Falls school have been suffering from a declining enrollment over the past several years. Last year the board of trustees was forced to close five elementary schools in an effort to contain costs.

With the closure, we lost 5 feeding sites and 16 positions, so 16 food service positions were eliminated. Even with this, our salaries increased about 9 percent. We raised the minimum wage to $2.90 for the starting worker, and our salaries still went up about 9 percent.

With the decrease in enrollment, we have lost about 500 meals a day and our food costs have also gone up around 9 percent. To keep up with these rising costs, we are looking at a 5-cent increase for next year.

In 1978-79, we had a meal price increase of 5 cents. At that time, we raised the elementary prices to 45 cents and the junior and senior high prices to 50 cents. The reduced price applications increased from September 1977-78, with 510 applications, to 848 in September of 1978-79. This is about a 57-percent increase.

With this past history, if we have another increase in prices, the chances are that more reduced price applications will be filed. This will be an added cost to the 56¼-cents reimbursement we receive in Federal assistance, special assistance reimbursement.

I feel that we will lose the savings that you will receive when you cut the reimbursement by 5 cents.

I thank you for listening to me.

Mr. Williams. Thank you very much, Kay.

Rick, you may proceed.

STATEMENT OF RICK KRAVAS, SECRETARY-TREASURER, MONTANA NUTRITION COUNCIL, HOT LUNCH DIRECTOR, SCHOOL DISTRICT NO. 1, BUTTE, MONT.

Mr. Kravas. Gentlemen, the proposed cuts, as I see it, will have the following negative consequences on the entire program. First of all, lunch prices for the paying student will increase, thus lowering the participation in this group. And paying children are the backbone of our lunch program.

If something isn't done about the cuts, it will mean the end of a program for middle and upper income family children and the beginning of another welfare program. That is exactly what it means, in my opinion.

Inflation has hurt everybody, not only the rich and poor, possibly the middle class and the middle-class poor. People in this class, the middle class, pay the majority of taxes in this country, yet they see the rich getting by and the poor being subsidized by the Government, while they work to keep the entire system afloat. Now we tell them they must make further sacrifices. I feel we should give the parents and the children a break in this income bracket, and somewhere to start is with the school lunch program.

The Government shouldn't take the blame for everything. I think there are a lot of areas in school lunch that should be up to the individuals in charge of that program. I have only been in Butte about 1 year as a hot lunch director, and when I came there, frankly, it was fairly poor. They only had one selection in the high schools and junior high schools to choose from, every day. The way to get over that, of course, was to offer variety.

Contrary to popular opinion, in the junior high and high schools, we offer nine entree choices a day. That includes tacos, pizza, hot dogs, hamburgers, taco dogs, chile dogs, and taco salads. Those are available every day. They also have choices of three fruits, like peaches, pears, whatever.

The children can, in essence, build their own meal. They have the selection and they have the food available. Furthermore, we also have other marketing gimmicks, whatever you like to call them, that give us a further increased participation, and that is theme days.

We have 25 theme days in the Butte Public Schools this year. We take advantage of current movie trends, like "Star Wars." Well, we had a "Stars War" day buffet. We used characters in the movie to promote our food. If you notice on your letter there, we have R2-D2 stew, chicken in a crater, Darth Vader salad, stuff like that. Kids really like these.

We also have put in stereos in our high schools and our junior high. This was the single most important thing we have done there, putting stereos in. It is their environment. Children, teenagers in particular, like music. They like the type of food I mentioned and they like to go to movies. So when you hit them with the three, you have a synergism: Music, variety, and the theme. That has helped us out tremendously.

In Butte High, we were only serving 200 or so a day when I came there. Now we are serving approximately 600 a day, and that varies, I have to be honest with you, with the day and the weather. But it has really helped us out.

At East Junior High where we have all of these things together, we are hitting approximately 78, 88 percent a day, and that, again, varies too. At East Junior High we put a stereo system in, we gave them the variety, and we also painted it. The majority of the cafeterias in Butte were painted kind of a mortician's green, which is not the color you want to have in a cafeteria.

Research psychologists have proven that color plays an important part in any setting. In cafeterias, the colors that are of the primary importance are called earth tones, and those are orange, beige, and brown. Those are colors that psychologists have found increase the most sales. This is the primary reason why MacDonalds, Wendy's, and Burger King have them in their restaurants. In any restaurant you go into, you will find this. You will also find music in the background. That induces talk, it puts the client at rest, and it makes them relax. And they will usually buy more.

That was the case in Butte. With the stereo and other added features, we had more cash volume during the period, less roughhousing, which is the first obvious thing we noticed. There is less talking, less flipping of food and butter pats, and there are more repeat sales during the period. It has helped my program out tremendously.

So many kids have mentioned that they really appreciate the stereos. I hate to keep emphasizing that, but it has really helped. When you go out to eat, you usually go out to a nice restaurant. You don't go to any truck stop, you know. This has helped us keep the kids in the cafeteria and we have more or less gained their favor.

Mr. WILLIAMS. We thank the three of you very much.

Rick, what percentage of Butte students are paid and reduced and free?

Mr. KRAVAS. In Butte is running about 40 percent free, 40 percent paid, and about 20 percent reduced.

Mr. WILLIAMS. In the high school, what percentage of the students participate in the program.

Mr. **Kravas**. Well, in the high schools the majority are the paid students. I can tell you that for certain, because when I get the reports of daily cash sales, we have more paid meals than we have free or reduced. Students have the money. They wait to see what is on the menu. But like I said, we have these nine entree items.

Mr. **Williams**. Do you know the percentage of the student population in the high school that participates in one of the three programs?

Mr. **Kravas**. At East Junior High—and West we are not complete with yet—it varies from day to day. But I would say it averages around 68 to 73 percent at East Junior High. On theme days, it is higher still.

Mr. **Williams**. Are students in the junior high and high schools allowed to leave the school grounds in their automobiles during the lunch period?

Mr. **Kravas**. Yes; they are.

Mr. **Williams**. But you have something over 50 percent participation rate in Butte.

Mr. **Kravas**. In the high school areas?

Mr. **Williams**. High school and junior high.

Mr. **Kravas**. Yes. The junior highs are higher. The reason for that is that they have more area. Butte High has an enrollment of about 1,700 students; however, our cafeteria was only built to hold 500 at a time. That is really packing it in there. That discourages a lot of students.

We have two serving lines at Butte High, and even with the new cash registers and the like, we can't get them through fast enough. That discourages a lot of the students. There is not much we can do about that unless we build another cafeteria.

Mr. **Williams**. It seems curious to me that two cities 60 miles apart would have such a varying degree of student participation at the junior high and high level. In Helena, approximately 1 out of 10 students participate; in Butte you are saying about 6 out of 10 participate. I don't know that the Congress can do much about that, but it seems to me that there may be some room for work at the State level and local levels in you all coming together—and perhaps you do in your association—and sharing thoughts and ideas.

Mr. **Kravas**. Like I say, there is a difference between administrating school lunches and marketing school lunches. General Motors builds a fine car, but if they don't market that car, they don't sell it. General Motors has to consider price, promotion, and appeal.

The same thing goes for school lunches. You have to market them. You have to consider the clientele you are serving. We are fortunate in the school lunch that we have a captive audience. They are in a certain age group, and it is very easy to appeal to this group, like I said, by giving them music, variety, and an environment that is up to their level.

Mr. **Williams**. Thank you.

Mr. Miller.

Mr. **Miller**. Rick, I think to a great extent you are again a witness to the fact that we hear again and again that no matter how we design the programs, be it school lunch or any other school programs that we design, it very often boils down to a matter of personality. Certain people can make things go, and certain people have problems making things go. We find this in child care, in classroom teaching, in libraries, anywhere else. To replicate it becomes a difficult item, but it is nice to see someone who takes that much interest in trying to market it and trying to make it really acceptable to the young people.

Tom, let me ask a question, and Kay also, or all three of you, actually. What is your sense of the relative merits of school breakfast versus school lunch? Let me say why I ask that, and not so much as if you had to trade one for the other.

When I got into this business a long time ago running the California school lunch program, our real concern was the lethargic child, the child that was trouble in the classroom, the child that had what we considered problems that were related to nutrition.

One of the concerns I have would be that as we see economics curtail the school day, if you will, or maybe just a change in teaching philosophy or what have you, I find that in some cases, in the school my children go to, that they are eating the school lunch at 12:30 and they are out of there at 2.

I just wondered which part is the learning period and how you relate the time at which you serve in relation to academic subjects. Some people would argue there is a much greater benefit in giving them a good breakfast in the morning, either at home or in school, and letting them cruise through the academic day based upon that.

I just wondered what your impressions were, if you think one is better than the other, or the merits or the acceptability of one versus the other.

Mr. McKenzie. I really hate to speak to that except that I can't overemphasize the importance of the school breakfast, or the breakfast in the morning. Studies have been done in terms of children's performance in school, the drop in the rate of absenteeism, attentiveness in school. The total health package of the child is greatly improved when the child is participating in the breakfast children.

I guess I would say I prefer that over the lunch program. I see it as definitely more important.

Mr. Miller. Kay.

Ms. Kilby. I feel they are both equally important. Breakfast is very important. In the schools that we do have breakfast in, comments from the administrators and teachers have been that there is less sickness in the morning. Children would say that they were sick when they actually were hungry. They are better, more attentive. Their learning is better.

But still, in the case of some chidren where lunch is their only good meal of the day, I see the importance for that, too. They are equally important and important to the child for his nutrition and his well-being.

Mr. Kravas. In Butte I have been trying to get a program going at Butte High; however, it is subject to board approval, and they want some sort of proof that it won't be another burden on the district. I think it would be a good idea if we start at Butte High in my program. If that works out, we could expand it out to East and West because we have the facilities there to prepare the breakfast if they pay for themselves. That is the general consensus in our district: if they pay for themselves.

Mr. MILLER. What would you have to charge?

Mr. KRAVAS. It would be the same as lunch. They would just submit their lunch ticket.

Mr. MILLER. I am not sure I follow you. Are you talking about giving them a choice?

Mr. KRAVAS. Yes.

Mr. MILLER. The student could choose breakfast or lunch?

Mr. KRAVAS. Well, they could have both if they want it.

Mr. MILLER. They could have both.

Mr. KRAVAS. Yes. At Butte High in particular, there are a few kids I have talked to who would like a breakfast program. Whether they would participate or not, I don't know, but they said they would like one. But with breakfast, you are limited in what you can serve, waffles and pancakes or whatever. Once again, you have to have variety. You can't serve the same thing every day. That is the hard part. Participation might rise in the curve, but over an extended period of time it might drop because of the nature of breakfast itself.

But I think over about a 2-month time period, we would find where our level was, and if it would start to pay for itself, it would be fine. We would go through with it.

Mr. MILLER. Thank you.

Mr. WILLIAMS. Mr. Erdahl.

Mr. ERDAHL. Thank you, Mr. Chairman.

Thanks to the panel for some good presentations for us.

Mr. McKenzie, you started out quoting from Carl Perkins, and of course he is our chairman of the committee and of the subcommittee. I think he does make a valid point that in this time that we are faced as members of Congress, and I guess all of us in society as taxpayers, with picking proper priorities. It does seem hard for me, at least, to defend that the administration has picked this one for cuts while we spend billions and waste millions in other areas. But you can be assured that Mr. Perkins is a good champion for your cause.

You mentioned in your comments, Mr. McKenzie, if I heard you correctly, that the State of Montana lost $45,000 in Federal nutritional educational funds because of failure to comply. Why was that lost to the State of Montana?

Mr. McKENZIE. I am not positive of the reasons. The State plan, as I understand it, or plan for usage of the money, was not accepted by the end of the fiscal year, and therefore it was returned.

Mr. ERDAHL. Do any others know why that was? I am just curious to see why there was some lack of compliance or fulfilling the requirements, evidently, to secure these funds.

Mr. McKENZIE. I am not sure. Perhaps there would be someone else in the group who might be able to answer that better.

Mr. ERDAHL. Another comment we have heard is about the wide variance we have had here as far as participation, not only in Montana. Also we have listened to many hours of testimony on this in Washington. I think the point about the music is interesting. We hear some things over and over again, and that is good, I guess, to reinforce a concern, but we have heard some new ones today. I think your comment about the music piped in or available and the variety is a good one.

I was thinking of another thing. Maybe the high school girls in Butte think you have a slight resemblance to Burt Reynolds. [Laughter.]

Anyway, that might be a big part of it. [Laughter.]

We have heard so much about the need for good nutrition. This is true. It seems to me if the schools will do what the private sector is doing, you really are competing with the McDonald's and Taco John's and these other places.

One of the things that may be obvious that the schools haven't done—and I can think about my own experiences in school cafeterias and visiting them, and you say it is sort of a yucky green color or whatever it might be——

Mr. KRAVAS. Mortician's green.

Mr. ERDAHL [continuing]. Is just to have a more attractive setting. As one of the young people mentioned today, you get to talk to your buddies. You get the chance to visit. You have got to be reasonably still in class, and this is a chance to visit. The visiting, the pleasant surroundings visually, the pleasant sounds, hopefully, not too raucus sounds of music, you see those just as very important, maybe just as important as how the food tastes.

Mr. KRAVAS. Yes, exactly. We have good food in Butte. You have to market it. Take, for instance, the stereo. At first they had a lot of resistance.

Mr. ERDAHL. Do the kids or the teachers pick the music?

Mr. KRAVAS. I will tell you what I do. I play middle-of-the-road music. We don't play Kiss or anything like that because with the acoustical qualities of Kiss, they just bounce off the walls. Put it that way. But to prove that it would work, we had cake sales to raise the money to pay for the stereos. None of this money was appropriated through a budget.

We bought the stereos in 2 weeks with cake sales. We went to the stores and bought the stereos, and then I had the problem of financing the records or tapes or whatever. Well, it just happens that recording is a hobby of mine, so I get the records from the vendor, and I say to him: If you will supply me with *x* number of records, contemporary pop records, middle of the road, I will give them back to you plus we will run a coupon stating that Budget Tapes & Records gave us these 11 tapes this week, and if you go there and buy these 11 records or whatever, you get $1 off on each record. That has proved very successful.

So the local vendors gain from it and I gain from it. It costs us nothing. It is self-sufficient. It has been very popular in Butte. It is getting more acceptance. Like I said, I have only been there 1 year, but as the kids become more aware of it, their participation keeps going up. That is one way.

I have been having some problem with the colors, from principals, in particular. That is one group you have to deal with. They have their idea and I have mine, and never the two will meet. But those earth tone colors have really helped. They brighten up the cafeterias, the painting, if there is sunlight available or if there is not. The colors will change accordingly. I did have some color samples here but they are not there. But they really do help. Like I said, behavioral psychologists have proven that orange and the primary colors that make up orange—beige and brown—really do affect your eating habits.

Mr. **Erdahl**. You have also testified that not only do you have more young people participating, but you have had less discipline problems during the lunch hour. In some schools we have heard that gets to be a real hassle. Some of the schoolteachers said they didn't even want it because they are assigned to keep those kids calm for half an hour during the noon hour.

Mr. **Kravas**. This is true. We have some teachers in Butte High who monitor the cafeteria. They have mentioned to me that they were opposed to the stereo at first but they notice there is less roughhousing, less fighting in the cafeteria.

Kids come in, and they just kind of tune in to the music. They are listening to the music and there is less time for anything else. We are playing their favorite tunes and they sit around and they talk. When they are through eating, we sell ice cream during the last 10 minutes and they can sit around and have ice cream and talk.

It is still noisy, I must be honest with you, but it is not as much so. In the past we had problems with kids flipping butter pats on the walls, and that doesn't happen any more. At Butte High we have rock posters of Chicago and the Bee Gees and the Eagles and all that. It is like walking into a lunchroom disco, if you want to call it that. It is what they like.

What do kids do when they have Friday evenings off? They either go to the show, they go buy a record, or they go to McDonald's, Burger King, or Wendy's. This is their environment and we have to bring it up or down to their environment, however you want to look at it.

Mr. **Erdahl**. Thank you very much.

Thank you, Mr. Chairman.

Mr. **Miller**. Excuse me. Just one question. Are all your meals onsite preparation?

Mr. **Kravas**. Yes, at East, West, and Butte High.

Mr. **Miller**. Thank you.

Mr. **Williams**. Thank you, members of the panel, very much.

Before we go to panel No. 4, I want to call a brief few minute recess.

[There was a brief recess.]

Mr. **Williams**. I will call this meeting of the Subcommittee on Elementary, Secondary, and Vocational Education to order.

Will the participants of panel 4, Connie Skousen, Andrea Pagenkopf, and John Board come to the witness table, please. Are Connie and Andrea here?

[There was no response.]

Mr. **Williams**. John Board is the president of the Montana Education Association. We welcome you here today, John, and look forward to your testimony.

STATEMENT OF JOHN BOARD, PRESIDENT, MONTANA EDUCATION ASSOCIATION

Mr. **Board**. Thank you very much, Congressman Williams.

When we got word from you a few weeks ago about our being here to testify on the school lunch program, what we did in the MEA was to send out a questionnaire to all of our local affiliates and to ask them to comment on the strengths, the weaknesses, and then to make any additional comments about the program.

I think I would like to read to you maybe two or three of the responses that we got, which I think pretty well speak to the strengths of the school lunch program.

One school wrote back:

> All children are provided with a well-balanced, energy-producing meal. With some of these children, it is the only square meal of the day. This is especially true in our area due to the high number of low-income families. We also provide free lunches or reduced price lunches for children from low-income families.

Another unit replied:

> If it were not for our lunch program, many of our kids would come to school hungry and would not be able to expect solid meals. Our entire educational goal would have to be significantly lowered because of malnutrition without the lunch program. For us in—

And then the name of the school district—

> it is essential.

In the weaknesses, I think most of them stated that if there were any weaknesses in the program, it was due to a lack of quantity, quality, and variety. Now, in quantity, one of the things which seemed to appear in the various responses was that very often what they noticed was in the elementary grades, the students were given the same portion as they were given in the high school, so there was waste in the elementary grades because they perhaps didn't eat it all. In the high school, they could have had more and they were not given it.

In quality, let me read this one.

> Funds should not be cut back under any circumstances. Preferably, funds could be increased so as to put more red meat into the program.

This is one thing which came through, that if there was a weakness, it was perhaps too many carbohydrates and lack of variety in foods. One of the things was that perhaps what we needed was more meat in the program and less on the carbohydrates.

So in general, I think those three points were the main things that came back from our units: the quality of the food, the quantity of the food, and the variety.

Now, after receiving these back, then I received from your office, Congressman Williams, the day before yesterday, the Library of Congress Congressional Research Service thing on child nutrition programs, "Legislating and Budget Issues of the 96th Congress."

Much of this was new to me because I am not in administration and I don't know all of the various programs that are being offered. I thought there was school lunch and maybe in some places there were breakfasts in some schools. Then I was a little distressed when I read this and saw that there was by the administration a desire to cut some of the school lunch programs, the milk programs, and this.

There was a mention someplace for reducing the amount by 5 cents, if I remember correctly, and where the student population was more affluent, then we would increase theirs 5 cents, and this type of thing. There was an attack upon the summer food service program.

The whole thrust, it appears, in what Congress has been considering, is a cutback in school lunch programs and related programs. This prompted me to recall an article that I read in Harper's magazine which I don't think anyone has spoken to this morning, the general theme.

I think what I am seeing now is something highly ironic in our society. This article in Harper's, May 1979, was entitled "Childhood's End." I would like to quote something like this. It may seem like I am being fragmented, but it speaks to essentially what I want to say regarding school lunches and the whole business of education.

Scott Spencer, the author of this article, begins it by saying:

> When in recent memory has it been less a privilege to be young in America. This is a time of dwindling national expectations, closing schools, sliced domestic budgets. Now the nominally liberal elements in the society, once the counsel in defense of the limitlessness and abundance of times to come, advise us to curtail economic growth and find in ourselves the moral strength to make do with less.

He goes on and says:

> Yet, what can be more befuddling to our sense of the moment than the voices of children clamoring for their place in the world.

He goes on and says:

> Two recent developments are indicative of our changing feelings toward childhood. In the past few years, more and more school districts across the United States have voted to close public schools, pleading fiscal crisis.

He says:

> The closing of public schools in the most prosperous of nations is a bizarre and shameful phenomenon.

He continues in his article saying that—

> The young today are ignored in society and reap this collective neglect with a harrowing and pervasive lack of self regard.

Now, this does bear on school lunches. It does. He says that on the sharpest statistical rise are teenage and child pregnancy, teenage and child alcoholism, teenage and child drug addiction, teenage and child prostitution and pornography, teenage and child venereal disease, truancy, illiteracy, and criminality.

> But the most terrible aspect of the flight from childhood is suicide, the third leading cause of death among American children and teenagers under 13, following accidents and murder. While the number of children who end their own lives is not astoundingly high, the rate of childhood suicide is increasing radically. In the past decade, it has risen more than 100 percent, and the rate of attempted suicides is rising even faster.

Following that up:

> Thus, underlining the degeneration of our romance with childhood is the pervasive idea, half-grounded and half-hallucinatory, that children can no longer be afforded.

It finally ends, in the next to the last paragraph:

> In the International Year of the Child, there seems to be little hope for the improvement in the lot of American children.

Now, once you have that as background, then you read what Congress has asked for, in the Congressional Library report, about what is being done to the school lunch programs. I think something is wrong someplace. Here we are closing schools, and we are not only closing schools, we are saying we cannot expect more, and then we come along then and we read that we don't want to feed the kids as much as we did in the past because it costs too much money.

I think I can sum up my whole comments toward the attitude of cutting school funds and the school lunch program by saying that we cannot continue to play the game, saying, and I am beginning to think it is hypocritically, on the one hand that the children are the hope and future of America, and then on the other hand treat them as an afterthought.

I think that if anything, in a country as abundant as ours is, where we have to seek foreign markets to sell surplus food, to say that we can't feed the kids in our classrooms, that is nothing but pure hypocrisy. So that is where I am. Is that clear? [Laughter.]

Mr. **Williams**. I think the MEA has always been able to make themselves crystal clear on these matters, and you have continued in that tradition this morning. I know of the Montana Education Association and your parent group, the National Education Association's, long support of quality education for all students without regard to varying factors that might discriminate one student against another.

I know, too, that the MEA and the NEA have long understood that schools are the mechanism to provide America with that special genius that has seen us through on our long, historic march of the last 200 years.

We have one education program left in this country that violates, it seems to me, this matter of providing our students with educational opportunities without regard to their status in the society, and that is the program that we discuss here today.

I am wondering if on behalf of the MEA you would like to discuss the matter of how we track students depending upon the income of their families with regard to their access to hot lunch.

Mr. **Board**. Yes; I will respond, Congressman Williams. It may not be popular, but I will say it because I happen to believe it is true. I go back to the 1960's when a district judge in Cascade County by the name of Paul Hatfield, who later became chief justice of the Montana Supreme Court, and later U.S. Senator and is now a Federal judge, around 1965, 1966, made a decision in district court that a student in school must have materials provided for him or her. That is to say, it should be free. If they needed paper, the school must provide paper. If they needed sweat socks, they had to provide sweat socks. Now, I think at that time he was well far ahead of most Americans, and there was a lot of steam and furor and all that.

Now we have adjusted to it. I think that we need to say essentially this: That if we in the public schools are going to have these students from 8 o'clock in the morning until 3:30 or 4 o'clock, and if we must provide them with a textbook, we must provide them with sweat socks, we must provide them with a desk, we ought to provide them just as well with a meal.

That means, then, that they don't pay for it. Nobody pays for it. We don't make a differentiation on textbooks. I think we are abundant enough in this country that we can give to every student a free meal while they are in school.

Now, that would mean it would cost more money. But I think somewhere we have got to put our money where our mouth is when it comes to education. I grow a little weary of people who apologize for what public education costs. They are getting a good deal at a cheap price.

Consider that those of us in the classrooms in the schools and the administrators who have the responsibility of administrating the program are dealing with the most essential part of a human being, and that is the mind. We will pay a dentist $20 or $30 to look in our mouth and fill a tooth, and then we gripe if it costs us 10 cents for a meal.

I have had students who have graduated, been in automobile accidents. They have total brain damage. There is nothing left. But yet when it comes to really paying for that which treats that mind and the way it is going to be treated, whether we are going to have good programs or not, we become awfully cheap on that.

Now, there are students in our schools who will come to class, who are listless and that type of thing, and a lot of times it is due to the lack of a balanced diet. But yet on the other hand, we can allow in our public schools junk food machines because we must have junk food there so we can get the money to buy pom-poms for the cheerleaders. We will permit that instead of saying maybe we should have machines in schools with apples and oranges and nutritional things. They could still get the pom-poms if they sold fruit as well as the junk candy that is there.

That is a long way of responding to you, but what I am saying is we have got the resources if we want to do it in this country. If we can build bombers that become obsolete 5 years later, a human being has a life expectancy now of about 70 years, and we should certainly be able to invest in the early part of their life as much as we invest in bombers.

I remember the first convention I went to when I started teaching in 1958. I think Lippmann or Winchell or one of those people spoke, and I have never forgotten it, saying that if the public schools had the defense budget for 1 year—and this was in 1958—we could at that time have leveled every school building in this country, built brandnew schools that would have been there for 20 years, that would have lasted for 20 years.

Now, where are our priorities? I go back to what I said earlier. We cannot say that the children are the future of this Nation and then treat them as an afterthought. I think all of this business of attempting to cut down on one of the basic needs in life, which is food to live, is just asinine and ironical in our country.

Mr. **Williams**. Thank you.

Mr. Miller.

Mr. **Miller**. Well, I would just have to say, John, that I tend to agree with you. The gulf between the politicians' continual statement that children are our most precious resource—and some even get so brainy as to say the children are our future—and their actions is very broad and, unfortunately, terribly troublesome to cross at this time.

I think that if we would simply just stick to the scientific evidence as to the return that we can bring on that investment in terms of nutritional dollars in these children in the formative years, it is clear that it is, in fact, an investment rather than the simple expenditure of money.

But I am sure that, given the mood of the country for some time, it will take a great deal of time to say that. But I think that it will happen. Unfortunately, in my own State we finally had a stabilized school population, we finally had a chance to pursue excellence, and instead we chose to go coach. Now we are starting to suffer from that.

I am not suffering and a lot of other people are not suffering, but I suspect that some children are. Class days have been reduced. Class hours have been reduced. Programs such as this are no longer mandatory, they are optional at the State level. I am afraid that we will now—I always like to speak of children in terms of investments in deferred maintenance, and the deferred maintenance on the child that is ignored is very, very expensive.

These children, if we ignore them at the nutritional level, if we ignore them at the Head Start level, we see them again. We see them on the subways, we see them in the courts, we see them in drug addiction, we see them in the alcoholism program.

I read the article that you quoted from, and it is a very chilling one for someone in a position of public policy that is concerned about children. We just recycle them, and each time we recycle them, those of you in education know what it costs to teach remedial reading and then what it costs to teach a veteran remedial reading, and then what it costs to retrain somebody who is 25, 27 years old before they can get a job. It would would have been a hell of a lot cheaper to teach them to read when they were 3, 4, 5 years of age.

But that deferred maintenance this country insists upon participating in.

Mr. **Board**. The thing is, I don't think many people recognize, Congressman Miller, how costly it is not to educate them. Now, I don't know the current figures, and that is my fault. In Montana now, Maynard, what does it cost to keep an average student in school, about $1,600, $1,700? That is to keep a kid in school.

Now, that sounds like a lot of money, but I would dare say that if we went to Deer Lodge, which is our State prison here, that it is costing to keep a prisoner somewhere in the neighborhood close, I would say now, to $20,000 a year.

So we get the idea after a while that maybe people want to incarcerate more than they want to educate. Now, back in 1968, I know that the average prisoner in Deer Lodge had attended about 8 years of public school, had an average reading attainment level of 5 point something. Of approximately 90 percent of them who were there, they may not have been alcoholics but alcoholism figured in as a factor in their being there. Plus, when you have conditions like that, there is not then likely to be a balanced nutritional program. For some of these people, the school is the only place where they get it.

Mr. **Miller**. Well, we could go on like this all day, but I would just say that in that CRS report there is a discussion of cutting back the WIC program, which is very near and dear to my heart. There it was not the testimony of the Federal Government or HEW or anybody else, but it was people like the Red Cross, the March of Dimes and others who had done studies on infant birth rate and retardation and birth defects generally, that for a lousy $20 a month for 9 months during a woman's pregnancy, and maybe for 1 year afterward—and maybe it wouldn't be necessary afterward if you did it soon enough—but for $21 a month, we could avert literally tens and hundreds of thousands of dollars of care later if we could keep that child at that time above 5½ pounds in birth rate. We had one-fifth the chance of mental retardation than otherwise.

That program has done that and it has proven out to do that consistently, but it costs $21 a month. For a severely retarded child, it costs you about $40,000 a year to take care of them, forgetting the tragedy of the child and the family that goes with it.

So someday we will have to decide whether you want to plow now or you want to plow later. But you are going to have to plow sooner or later.

Mr. BOARD. I am sorry that I do not see in the crowd today some people who could speak to this much better, I think, than I can or what I have heard before. We have, I think, seven reservations in this State. Anyone who has studied the reservations knows the economic plight of those people.

It is easy to say, well, they are just lazy or they don't care. I don't believe that. No human being does not care or they would not live. But I am sorry that we do not have representatives here from the tribes in Montana because I do know that for many of the poverty people on the reservations—who are not, as many people think, carried just by the Federal Government—that for many of the children from those reservations in our schools, this is the balanced meal.

I am sorry that they are not here to better speak to it than I can.

Mr. WILLIAMS. Thank you.

Mr. Erdahl.

Mr. ERDAHL. Thank you, Mr. Chairman, and thank you, Mr. Board, for your very candid comments.

This is not a partisan issue. I happen to be a Republican. My two concerned colleagues on the panel here on this side happen to be in the other party. But it certainly goes across partisan politics.

I would agree that the administration has its priorities out of whack in coming before us in the Congress requesting that we cut back on the school lunch. In fact, I confronted Carol Foreman when she was there representing the U.S. Department of Agriculture advocating this cut.

It struck me as being ironic because the same week that she was there, some of the representatives of the administration and people in the Congress were down the hall advocating we spend not millions but billions of dollars for an MX missile which I was one of the few Republicans to vote against, and a nuclear carrier which I think was a good idea in the Battle of the Coral Sea in 1940 but doesn't make much sense today.

So I think we have our priorities so out of whack. Just to echo what George Miller said, apart from the humanitarian concerns, certainly we should be concerned that every person develop and achieve his or her full potentiality. We can look at it as George said, and he has the humanitarian concern. I know that from listening to him before. Even from an economic view, I think what we spend on this is a good investment, so it puzzles me why we have to go through the struggle in the Congress to maintain a program which I think not only is good for people in that we should have that concern for our fellow human beings, but it is good economics. I think that is what you told us.

Mr. **Board**. Yes. And Congressman Erdahl, you know, it is always the poor, I think, who get it in the rear, so to speak. In Great Falls this year, they closed five elementary schools. Three of the elementary schools that were closed came from the poor economic areas. And if I am not mistaken, those schools had the school breakfast program.

Talking to one of the ladies here this morning, the breakfast programs have not fully been reimplemented in the schools where a lot of these kids were transferred. Now, that is not right. I would say, coming from Minnesota with so many distinguished people, and certainly your present Governor Quie, who was long good on the whole educational thing, I would like to ask all of you to go back to 1971-73, in there, when the current Vice President Mondale headed up a special committee on education and the results of education and what happens when we don't educate. This all ties together in food and how we treat people from the very beginning.

I have taken, I know, more than 5 minutes, but I don't have a chance to speak very often. [Laughter.]

Mr. **Miller**. I don't believe that. [Laughter.]

Mr. **Board**. I will depend upon you as a teacher to do everything that you can in Congress to completely reverse this trend that I am reading about in the attempted cuts. If you need me to come back, I will be glad to come back.

Mr. **Williams**. Thank you, John.

Panel No. 5. Is Stan Juneau here? I haven't seen Stan. He is from the Blackfoot Tribal Council. He was invited to attend, and like John, I am sorry that he was unable to be here.

Pat Maphies with Helena Low and Moderate Income Coalition.

STATEMENT OF PAT MAPHIES, HELENA LOW AND MODERATE INCOME COALITION

Ms. **Maphies**. I am being sponsored by the Helena Low and Moderate Income Coalition to represent the consumer.

I have two children, and the oldest one has been on the free hot lunch program for 4 years. He was eligible for 5 years; however, when he was in the third grade, the school that he attended did not offer a lunch program. Consequently, he had to take a cold lunch. And although I could afford to pack it for him, I didn't feel that was as good for him as a hot lunch would have been.

I was not able to provide as much variety, nor was I able to provide any hot food. It was a big relief to me when he returned to a school that had a hot lunch program. Besides the fact that he received a better lunch at school than I could send him, the money I saved by not having to buy lunch foods has enabled me to improve my family's nutritional status.

I am able to provide better quality and variety of foods. Since I have a little extra money, I can even buy things in quantity, for example, a case of macaroni and cheese or a case of string beans. I am basically pleased with the quality of the food. My son doesn't have very many complaints and most of the parents I have spoken to say that their children feel the same way. Some of them don't like one thing or another.

The only suggestion that I have is that I hope that they continue to make sure that the children can have seconds, especially of the main dish. I know occasionally there are not seconds available.

I hope that the confidentiality will be maintained. I know that some parents and children are very concerned that no one knows that they receive either a free hot lunch or one at reduced price.

I would love to see breakfast programs started here. It would help me to improve the quality of the meals I serve since I could spend more per meal. I am also concerned about the children who come to school hungry because they don't receive any breakfast at home.

With the current rate of inflation, I am finding it more and more difficult to stretch my food dollars. The school food programs are a great help to me in combating this problem. I hope they will be continued and expanded to those schools that don't have them.

I appreciate this chance to express my feelings about the school lunch program.

Mr. WILLIAMS. Thank you, Pat. Pat, how is it that students such as we have here today know who many of the students are who receive reduced free lunches.

Ms. MAPHIES. The only thing I can tell you is last night I was asking my oldest boy, who is in sixth grade, about the lunch tickets. I have heard different things about children receiving different color lunch tickets. Apparently that is because of the amount that they buy. They get one color for weekly and one color for monthly and daily.

He said that he received a different color lunch ticket. I said, "Why?" And he said he was sure that that was because he got a free hot lunch. So I called up a niece of mine who has three children who get free hot lunch, and they said the same thing.

The only thing I can think of is that these children are apparently misinformed. I think it is because probably the children who receive a free hot lunch, since they are eligible for 9 months, probably get a monthly ticket, and they just are misinformed.

A couple of years ago he told me the same thing, that he was sure it was because he got free hot lunch. He doesn't care, but he is just sure that that is why it is.

Mr. WILLIAMS. Bill, do we understand correctly from our tour of the facilities this morning, the central kitchen, that there is no discriminatory coloring on the tickets?

Mr. RIDGEWAY. That is correct. If there is any color difference, it has to do with whether it is daily, weekly or monthly. There is no discrimination as far as whether they are free or reduced or paid tickets.

Mr. MILLER. Can the child eligible for the free or reduced price meal pick up a monthly or a daily?

Mr. RIDGEWAY. Yes.

Mr. Miller. Because we had testimony in Washington that some districts wouldn't let the free and reduced have a monthly ticket; they would only give them a daily ticket, so they had to keep going back. But that is not so here.

Mr. Ridgeway. They can pick it up weekly, monthly or daily.

Mr. Williams. Pat, in your opinion, is there a significant percentage of students who would be eligible for free or reduced price lunches who do not participate because of the stigma they would find attached to those lunches?

Ms. Maphies. I don't know how many it is. I think it is the same as people not applying for either welfare or food stamps. It is any of that kind of thing. I did talk to one mother who would rather have her children maybe take only a sandwich and an apple rather than get a free hot lunch. She was very adamant about that, and she would not participate in food stamps.

There are not many people that are quite that radical. Most of them would take some kind of help. I think it is good when the kids can work in the lunchroom. I don't know as they have enough positions for them to all work off their lunch, but I really think that is a good idea.

Mr. Miller. There is some question as to whether that is against the law or not. We will have some people here afterwards who can testify to that. My understanding was that regulations prevented that. Whether they should or not is open to discussion. But you have no problem with your child working in the lunchroom?

Ms. Maphies. No.

Mr. Miller. Would your child have any problem with that?

Ms. Maphies. He did last year. Somehow they took turns. I don't even know. I had to sign a note saying that he could work in the lunchroom.

Mr. Miller. Do you think that would help other parents, to let their children participate in the free or reduced if they thought their children were working for it?

Ms. Maphies. Right. I really do. I think that is a good way to grow up, too, working. You are not getting it free. It is not charity. You are doing something. There certainly, I would think, would be some little thing, putting napkins on the table.

Mr. Miller. Do you see how that might be abused? It is something that we constantly wrestle with in Washington where we make these flat prohibitions, and I think currently the regulations say that the child—I don't know whether it is required, or just shall not work.

Ms. Maphies. I wonder if it couldn't be voluntary for those children who wanted to. I think Bobby would like to have more of a chance. I don't remember exactly, but it was something about it wasn't his turn or there wasn't a position for him. I am sure he wouldn't want to do it all of the time, but even if he could just 1 day a week, or however that could work. It could be voluntary.

Mr. Miller. So you think maybe it should be up to parental discretion. Obviously a parent can talk that over with the child, and if the child is embarrassed, they could prevent their child from having to work.

Ms. Maphies. Yes.

Mr. Miller. Thank you.

Mr. Williams. Mr. Erdahl.

Mr. Erdahl. Thank you for your testimony. I have no special questions.

Mr. Williams. Thank you very much, Pat.

Panel No. 6. Bob Raver. Ray Collins is unable to be here but has submitted testimony which, without objection, will be included in the record. Glennadene Ferrell, Ken Lane, Wayne Lersbak and Penny Bullock.

[The prepared statement of Ray Collins follows:]

PREPARED STATEMENT SUBMITTED ON BEHALF OF RAY COLLINS, PRESIDENT, MONTANA ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS

Billings, Mont., November 9, 1979.

Hon. Carl D. Perkins,
Chairman, Subcommittee on Elementary, Secondary, and Vocational Education, Rayburn House Office Building, Washington, D.C.

Dear Sir: I wish to testify in opposition to the proposed five cent reduction in general reimbursement for paid student lunches.

School District No. 2 in Billings, Montana serves lunch to students in all of its thirty two (32) schools. The annual participation of students in all categories is approximately two million lunches. Eighty percent of these lunches are consumed by students who pay full price.

A five cent reduction in general reimbursement would cost approximately $80,000 per year. This cost would necessarily be reflected back to the paying student in increased lunch prices. Combine this with the inflation factors and it becomes predictable that student lunch prices will escalate to a level that precludes participation by paying students.

School lunch has been in a crisis situation for many years with food and labor costs escalating at alarming percentages. The general reimbursement has not kept pace with these increases and the difference has necessarily been picked up by the paying student.

School District No. 2 has been forced to increase lunch prices three times over the past five years and each time a five cent increase has reflected a reduction in the paying student participation by about four percent. It is clear to us that further price increases brought on by reduction in governmental support of the paying child will cause this group of students to drop out of the School Lunch Program.

If a reduction in funding for nutritional programs is in fact necessary, it seems that reduction in areas other than school lunch would certainly be imposed rather than cripple a program that is probably the most successful program in government for delivering direct service to students.

If the past philosophy of the National School Lunch Program is still viable, then the delivery of lunch service to all school children of the nation is our main objective. This includes the children that cannot pay or cannot pay full price but in our situation is aimed primarily at the student who pays for his or her lunch.

It will be a disservice to the students and parents of school districts that participate in lunch programs primarily funded by paid lunches if a reduction in general fund reimbursement becomes the vehicle for mandated budget reductions.

Sincerely,

Walt Laird,
Director of Special Services.

Virgil R. Poore,
Superintendent of Schools.

Mr. Williams. Penny Bullock is the director of the Montana School Boards Association and on the board of trustees.

Penny, it is nice to see you this morning. You may proceed.

PANEL PRESENTATION: PENNY BULLOCK, DIRECTOR, MONTANA SCHOOL BOARDS ASSOCIATION, BOARD OF TRUSTEES WAYNE LERSBAK, REPRESENTATIVE, MONTANA ASSOCIATION OF SCHOOL ADMINISTRATORS KENNETH LANE, PRESIDENT MONTANA ASSOCIATION OF ELEMENTARY SCHOOL PRINCIPALS

STATEMENT OF PENNY BULLOCK, DIRECTOR, MONTANA SCHOOL BOARDS ASSOCIATION, BOARD OF TRUSTEES

Ms. BULLOCK. Thank you.

I think a good portion of my testimony probably has been given several times, so I think I would prefer to direct my comments primarily toward the 5 cent reduction in reimbursement.

The administration and some members of the Budget Committee have proposed to cut back the Federal subsidy for paying children under the school lunch program. Proponents of the cut argue a 5-percent reduction rate for paid lunches would result in a Federal expenditure reduction of—I have heard everything up to $148 million, to be absorbed, of course, by either parents of the school children or by local tax levies.

The USDA has projected 4 percent of the Nation's 600,000 paying children would drop out, effecting another approximately $26 million savings to the Federal Government.

I believe a legitimate concern for child nutrition proponents would be what alternatives would be available for these dropout children, especially at a time when real income is falling and it is expected to fall further. Appropriation cuts can have a serious impact on those families which are just over the income level of the reduced lunch program.

To the extent low- and middle-income children are forced to drop out of the program as a result of other increased family costs, the health and educational opportunities of this group will suffer.

Further, especially since the paying children subsidize the nonpaying portion of the program, the economies of scale lost through students dropping out will ultimately jeopardize the financial and political viability of the free lunch component.

Equal access to nutrition without regard to family income has long been viewed as one of the benefits of the School Lunch Act. I am concerned about the President and the Congress this entitlement program in the last-minute negotiations in the budget process. Sound budget planning and meal price setting at the local level cannot tolerate this kind of uncertainty.

Finally, I would urge Congress to look closely at the hidden costs associated with regulations and people working in the school feeding programs. The Government needs to design the most efficient system possible as a means of saving tax dollars before it considers forcing children to drop out of the school lunch.

For the foregoing reasons, I am strongly opposed to any cuts in the school lunch subsidy. Thank you for the opportunity to present this testimony, and also thank you for the remarks that you have made today.

Mr. WILLIAMS. Thank you, Penny.

Wayne Lersbak is a representative of the Montana Association of School Administrators, an old friend who I haven't seen for a while. I nice to see you again, Wayne.

Mr. **Lersbak.** Good to see you, Congressman.

STATEMENT OF WAYNE LERSBAK, REPRESENTATIVE, MONTANA ASSOCIATION OF SCHOOL ADMINISTRATORS

Mr. **Lersbak.** I would like to speak first of all to the point of mandated nutritional education in the curriculum of our schools. I think the first thing that happens to an administrator when he hears about mandated curriculum, anything mandated, from the Federal Government or State government, is that right away there is an apprehension there.

I would like to assure you this morning that the schools in Montana already cover this area and I don't really think there is a need for it. The reason it is covered is because of the health classes that are mandated already by the State of Montana.

Within those health classes, there is certainly nutritional education elements in there, and a good number of students in the State of Montana also receive it in home economics class. So I think that is already being done. I know it is already being done in Montana and therefore would certainly not want any Federal curriculum mandated, not only in this area but in any other area.

On the topic of the reduction of 5-cent reimbursement per meal served to each student, we have already heard about inflation this morning. As an example, I would like to talk about Cascades specifically.

We served 46,782 student meals last year. If we are going to have to pick up that 5-cent cost additionally, that is going to cost the district $2,339.10. Our general fund budget last year was $11,000.00. That is the amount that the district saw fit to budget for the support of the hot lunch program.

So that would mean, then, that we would have to increase that portion of the budget 21 percent to pick up that particular cost. Now, that is a substantial part in anyone's line item budget. We normally think of increasing the budget 6 to 7 percent a year to pick up all the increased costs in all the areas, including heat, light, maintenance, salaries and so on.

Also, the other things we have heard this morning. We would have to increase meal ticket costs, which we haven't done for the last 4 years, or increase surplus commodities. I think then, too, specifically it is a matter of where we are going to address our priorities.

I would just hope that you do take the input and the advice previously given that the program not be reduced but it in fact be increased. And with a decrease of financial support and not a decrease of the rules and regulations that we have to abide by, I think that is just essentially pulling the rug out from under us.

Thank you.

Mr. **Williams.** Thank you very much, Wayne.

Ken Lane is the president of the Montana Association of Elementary School Principals.

STATEMENT OF KENNETH LANE, PRESIDENT, MONTANA ASSOCIATION OF ELEMENTARY SCHOOL PRINCIPALS

Mr. **Lane**. Thank you, Congressman, for the opportunity to speak to you today.

I am currently serving as an elementary principal in a very large elementary school in Billings, so a lot of the data that I will be presenting will be from my local school. As the students were giving their comments about the hot dogs in their local situation or the gentleman was mentioning his particular program, mine will also be on that particular basis.

Montana Association of Elementary School Principals is opposed to the 5-cent change in the reimbursement, and primarily for the reason of those numbers that we serve. If my school, which is a large elementary school with a middle class constituency, is common with the students that we have as any indication of overall State numbers, we can use it as a guide, possibly.

We have a student population of 640 students (K–6). Of those 640, approximately 540 are eligible for lunch. We do not serve lunch to our kindegarten students. They go home before the lunch period starts, and the afternoon session comes after the lunch period is over.

We serve five lunch sessions, approximately starting every 15 minutes. Last week we served on an average of 419 lunches per day. Of this 419 lunches, 77.6 percent were using the school facilities for lunch, hot lunches, at least. Of this number, 12.6 percent, or 53 of them, had free lunch, and 15 percent, or 64 of them, had free or reduced, which left 72 percent of this total population paying the full bill.

In breaking this down for the total number of students who are eligible, approximately 10 percent, or rounded off to 11 percent, received the free meals, 12 percent are receiving reduced meals, and 77 percent are receiving the full paid meals.

Now, there are some of our students who do not eat hot lunch, approximately 20-some percent. Of these, a few of them go home for lunch. We have a period that is long enough that for those living close by and where there are parents at home, they may go home. But there are a large number that bring sack lunches.

This could be for the reason that we post the menus. The menus are listed in the paper, listed on the television, and if a child does not like Italian spaghetti, he will probably ask to bring his own lunch. Or if he doesn't like hot dogs, he might do that, too.

But we serve 72 percent of our students each day with hot lunch.

With our students, there is no difference in the color of tickets. Free and reduced meals are usually monthly tickets because of convenience in administrating the program. It is less tickets to make up. With the reduced meals, if the parents send $1, that could be for a week, and $4 would be for a month. But it is the same color as the child paying the full week's price.

We do not give daily tickets for free and reduced meals. The administrating of the program would be quite large. So there is no difference in color, no difference in line. The kids who eat the hot lunch might sit right next to a kid who is eating a cold lunch. Occasionally there might be some trading off of something that is cold and hot. But there is no difference in the kids coming through the line.

In looking at some of the cold lunches, though, sometimes there is a peanut butter sandwich or half a peanut butter sandwich, an apple, and that is a cold lunch. The four basic groups are not always covered as with the hot lunch program. I am not sure the reason why, if it is pride, if the parents don't want to apply.

I do have a few parents who do apply for free or reduced lunch and they do say, "As soon as I get on my feet, I am going to reapply and get off of this particular program." May of them do. Many of them don't, and they stay on this particular program. So it is a personal situation with each of the parents. But there could possibly be more that would be applying if there wasn't this particular hangup.

Overall, our group is opposed to the change in the reduced cost and we would like to see it increased to where there was more reimbursement and it did not cost our students so much money.

Thank you very much for the opportunity.

Mr. **Williams**. Thank you very much.

Robert Raver is the President of the School Administrators of Montana.

STATEMENT OF ROBERT RAVER, PRESIDENT, SCHOOL ADMINISTRATORS OF MONTANA

Mr. **Raver**. Thank you, Congressman.

I want to make some brief points this morning, and my statements will be brief, and then I would like to ask you if you have any questions that you would like to address to us.

I think, gentlemen, if you will be attentive to the remarks and the testimony that Bris Skiles gave first this morning, I think there is some very accurate and good information in what he said, and that if you in Washington can make your colleagues aware of that, hopefully we will alleviate somewhat of a disaster that is trying to occur here.

From the school district that I am employed in, and I am a high school principal, in 1978-79 they served 89,330 full-price lunches that students paid full price for. Some simple mathematics shows that a nickel gives us a cost of $4,466.50 that would then be a burden of the school district.

If we take into consideration an inflation factor of approximately another nickel or thereabouts, we are at a dollar item of about $10,000, which in this particular school district would amount to almost a tax mill.

As the president of the School Administrators of Montana, we continue to have a concern about support of the programs that we are required to have and do have within our schools, and this particular item, the adequately provided for hot lunch program that is made present to the children and State.

If there were some guarantee with the absence of this nickel that there would be relief as far as our requirement to pay Federal taxes, maybe it would be somewhat more palatable to us, but I don't see that, in fact, happening, and I don't know what the $100 million is or whatever you are talking about in terms of total dollars is as far as the big pie is concerned that we see in the newspaper once in a while.

But it would be very expensive to us on a small tax basis to continue to provide these services even with the absence of the nickel, and I hope, gentlemen, that you can be responsive to those concerns.

Thank you.

Mr. **Williams**. Thank you very much.

What we have heard this morning and are hearing again here is a microcosm of what we hear across the country—not this committee, but the Congress in general—that Americans are speaking pretty much with one voice in saying balance the budget, but do it unto others, not unto me.

Now, I have to side with those of you here today who are saying that schools and hot lunches are no place to start when you are trying to balance the budget, and that children shouldn't have to stand in the budget cutter's line. I agree with that.

But I do want you to know that the Congress is faced with a very difficult quandary because our constituents are absolutely insistent that the budget be balanced, and individually insistent that they not have to suffer any of the balancing.

While I can assure you that I think every member of the Education Committee, and I know both George and Arlen are going to be insistent that we not make the children stand in the budget cutter's line, and I think every member of that committee will feel the same way, there are nonetheless 535 members of the House and Senate and it is a chore to convince all of them about the right of what we are hearing here today.

Mr. Miller.

Mr. **Miller**. In that regard, no one has ever accused me of being in the majority.

You testified that you serve 75 percent of 80 percent of the children or whatever it is, and some of the children bring a lunch from home. You are not suggesting that it should be the goal of the program to serve 100 percent of the children, are you?

As you said, the menu is published a week in advance and is on TV, and I know in our household my two sons make different determinations. Some mornings they make their lunch and some mornings they decide they are going to buy their lunch. My youngest son makes his lunch in such secrecy, I am sure none of the basic four are in that bag when it leaves the house. He just won't let you look in the bag. I don't know what he is taking out—cigarettes, probably, or something. [Laughter.]

Let me tell you what I think, and you can tell me if I am right or wrong. I don't think it is the goal of the program to serve a hot lunch to 100 percent of the children under its current structure. I have always supported a universal free hot lunch program. That is a different situation.

But under the current situation, does that concern you that you don't serve all of them? That is what some families prefer to do, I guess.

Mr. **Raver**. It doesn't concern me one bit. It is personal choice. My own daughter doesn't like hotdogs, like the young man here. She will want to pack her own lunch. That is fine. We have found that by changing the menus, some things are more applicable to some students.

We met with our kids last year to try to find out what they liked. One group of kids met with me first, and they liked macaroni and cheese. When I met with the whole group, macaroni and cheese was on the bottom of their list. Some kids like chile, some kids don't. So it has to be their choice.

Mr. **Miller**. Mr. Raver, you agree, apparently, in your assessment that we would see this cause and effect relationship between the reduction of the nickel pitted against your increased costs and the dropoffs of participation. You think, in fact, with the people who tell us that would happen, that that would also be the case in Montana?

Mr. **Raver**. I would have to think that that would cause that type of situation.

Mr. **Miller**. Now, you are a principal, correct?

Mr. **Raver**. Correct. High school.

Mr. **Miller**. At a high school. In your mind, what would make this program go better? Again, let me express my personal view and you can agree or disagree. There are only a certain number of things you can do to get a child to eat. Sometimes a high school student is going to just want to hang out with his or her friends and not eat lunch, or they are going to want to go downtown, because you have open campuses, apparently.

As you look at the program, you obviously go through the lunchroom, you see children who eat and children who don't eat. In your mind, what makes the program go or causes it to be less than the success it might be, in layman's terms but who has obviously some expertise in children?

Mr. **Raver**. I see in one of our own children that one day something is adequate and the next day it is not, as far as food is concerned. Those things change all the time. I think we observe that.

I think having some selection, especially at the secondary level, which is something that has been tried in the district I am in this year. There are not a great deal of selections but there are some options there, and this has been a fairly attractive type thing.

When I look at lunch programs, I look at the facility that they are developed in, where the meals are served, how they are served, and all these types of things, and I think this has a great deal of effect on the program and the advantage that it has taken.

A lot of people complain about food that is produced on large levels, and we think that they attach a stigma to it that it is not a good food and not something that we want. I think the people in Montana have been pretty creative to try and overcome that.

Mr. **Miller**. Would anybody else care to comment on your observations of the program?

Mr. **Lane**. My colleague Ray Collins, who wasn't here, and I, both work in the same school system. He left with me some figures. It is interesting to note that the elementary is, percentagewise of numbers eating, at 72 percent. The junior high is at 79 percent. High school is at 54 percent.

I think that the handiness of a McDonald's, Taco John's, whatever local restaurant, with the chance to get out with your buddies.

is for some reason or another encouraging at the high school. Plus they also have an open campus, while the junior high and elementary do not have an open campus.

Mr. **Miller**. Do you think that we should maintain the effort to present the program from kindergarten through 12, if you will, as opposed to maybe taking those same dollars and concentrating them through K through 8 or K through 6?

Mr. **Lane**. If I understand you right, your question is to——

Mr. **Miller**. Well, you get a higher participation of younger children in the program, maybe, because they are just more inclined to followthrough the line and do the same as others. We know that obviously a great deal of growth goes on in that period of time and a lot of fundamental learning takes place at that time, and those are the principles on which high school experiences and other experiences are built.

If we are caught in this dilemma of declining dollars, does it makes sense to look at a concentration of those resources in those years?

Mr. **Raver**. I think that in doing that we would only be encouraging the thing that we are trying to combat, and that is to encourage good sound habits as far as eating is concerned. I think that it is just as important at the secondary level as it is at the elementary level.

I think we have an obligation and you have an obligation for us to continue to try to promote that and provide that service for children in that age group.

Ms. **Kimmet**. Mr. Miller, do you allow anybody from the audience to address a question?

Mr. **Miller**. Why, surely. Mr. Williams would never shut off a constituent. [Laughter.]

Ms. **Kimmet**. I am Lois Kimmet from Cut Bank, Mont. We have just in the past year implemented a high school lunch program, and it has gone over very well. They did quite a lot of survey, and used the newspaper to get both the students' reaction and the parents' reaction to it, just in the past year. It has gone over very well and I, for one, would not like to see it dropped at the high school level.

Mr. **Miller**. It is a problem that we face. I think there is great worth in the program for a lot of other reasons, but given our chintsiness, if you will, in terms of funding what is probably about 60 percent of the need, both in nutrition education and actual delivery of food, I am not convinced that we will reverse children's eating habits with one meal a day or even two where you have a breakfast program. I just don't think we will reverse those habits.

Hopefully, we contribute some nutrition. But my concern is when you get to older children, they one, have mobility, and two, have probably a little more money than their younger counterparts, and you are bombarded with Ronald McDonald and the Burger King, which is acceptable—I take my children there to eat and everybody else does and it is very acceptable. Otherwise you couldn't sell 30 billion of them.

I am just concerned that we make sure that what we are doing is delivering nutrition that will give the greatest benefit to the learning experience and that the resources are not spread so thin that we are failing across the board.

I am not sure that we are failing, but that is the dilemma as we get pounded by the Congressional Budget Committee to cut $100 million or $500 million out of the program to cut summer feeding or breakfast, to oppose lunch. We have got to start figuring out how to start marshaling these resources to keep a credible program.

Ms. **KIMMET**. Cut Bank is so small we have no McDonald's. [Laughter.]

Mr. **MILLER**. You are probably lucky.

Mr. **WILLIAMS**. Mr. Erdahl.

Mr. **ERDAHL**. Thank you, Mr. Chairman.

I think it was Penny Bullock who mentioned something about economies of scale, and that while the potential cutback is for the paid or the reduced lunch program, we have at least the possibility of jeopardizing the whole program. Do any of the rest of you want to comment on that from your experience or perspectives? Do you see that as a danger?

Mr. **LANE**. I think it would be because I think if we put the 5 cent charge on the paying student, pretty soon it is going to get up around a dollar and they are going to question whether they are getting the right kind of a meal for a dollar or whatever it might be, and therefore they will quit providing that particular lunch program.

If they start dwindling down and you then are starting to feed 120 kids compared to 400, the meal program is no longer that effective. You can't buy in the quantities and value that you could before.

Mr. **ERDAHL**. I think most of you were here earlier in the morning when the gentleman from Butte was talking about the decor, let's say, of the lunchroom and of the music. Have any of you had some experience with that in your areas, as far as participation, or is that a very unique situation here in Montana?

Mr. **RAVER**. In the situation that I am in, we are now serving the hot lunches in the gymnasium, which is kind of a removed part of the building. Out of a student body of 595 students, we serve anywhere from 70 to 80 a day. Of those, there are 30 that are free and reduced lunches, and that is what I was speaking to previously.

I think that if we had an attractive lunchroom, we would greatly increase that number.

Mr. **ERDAHL**. Mr. Raver, you also made the comment, or wondered just how significant this cut is in the whole scheme of things in Washington. I hope I don't stay around that place so long that I get insensitive to the expenditure of a lot of money, but the late Senator Everett Dirksen once said you spend a billion here and a billion there and pretty soon it adds up to a lot of money.

When you talk about this is the whole scheme of things, if my memory serves me correctly, at the present time we are talking about a national debt of, I think, $886 billion. Just the interest on that comes close to $160 million a day. I can't believe that the school lunch programs we have had have added very significantly to that national debt.

I will just share a little trivia here. Another one that I have used in talking to school classes as I have met with young people is that we talk about millions and billions. If you take a stack of thousand dollar bills and you want to make a million dollars, you have a stack about 8 inches high. In order to get a billion dollars, you have to have a stack higher than the Washington Monument.

I think that kind of puts it in perspective. Sure, we are talking about a lot of money, but as a percentage of our budget, it is miniscule. And again, I think we are picking on the wrong priority. That is just to emphasize what Pat has already said.

Thank you.

Mr. WILLIAMS. Thank you, Arlen.

I remember seeing an ad not too long ago which said: Wouldn't it be wonderful if the schools had all the money they needed and the Department of Defense had to hold the bake sales? [Laughter.]

Thank you all for your testimony.

Before we go to the last panel, I am going to have one of the staff people go to this corner over here, and if there are any of you who wish to testify and didn't have an opportunity to have your name placed on the panel, would you just talk to Sandy and have her take your name and who you represent.

We are going to have at least two more panels rather than one because we do have two people who have asked to testify and we want to give them that opportunity, particularly inasmuch as we are ahead of time.

Panel No. 7 will be Connie Townsend, Karen Mattson, Chris Johansen and Lois Kimmet.

While you are coming to the witness table, I do want to introduce the staff people from Washington who accompanied us out here to Montana. The two committee staff ladies that are with us are Marian Wyman and Beatrice Clay, both sitting here. From my staff are Sandy Wallace and Bessie Wong, sitting out there with you. We have heard a lot about McDonald's today, but if you are going to stay around Helena and eat tonight, I suggest Wong's. I said that just as you wrote it, Bessie.

Connie Townsend is the president-elect of the American National CowBelles and past president of the Montana CowBelles. It is nice to see you here, and congratulations. You may proceed.

PANEL PRESENTATION: CONNIE TOWNSEND, PRESIDENT-ELECT, AMERICAN NATIONAL COWBELLES, AND PAST PRESIDENT, MONTANA COWBELLES; LOIS KIMMET, WOMEN INVOLVED IN FARM ECONOMICS; CHRIS JOHANSEN, SECRETARY-TREASURER, MONTANA FARMERS UNION; AND EARL LINDGREN, PRESIDENT, MONTANA BEEF COUNCIL

STATEMENT OF CONNIE TOWNSEND, PRESIDENT-ELECT, AMERICAN NATIONAL COWBELLES, PAST PRESIDENT, MONTANA COWBELLES

Ms. TOWNSEND. Thank you.

I am pleased to have the opportunity to appear before you today. I personally believe in good nutrition and nutrition education and the school lunch program. I also believe that beef as a food is nutritious, healthful and wholesome and has a very definite place in the American diet.

This relates to the school lunch program because of the currrent effort on the part of the Federal Government, spurred on by anti-meat activists, to downgrade beef because of its alleged relationship to heart disease and cancer.

This summer, the Surgeon General of the United States published a report called "The Surgeon General's Report on Health Promotion and Disease Prevention." Chapter 10, page 21, says Americans would probably be healthier if they consumed less red meat.

No less an official than the Assistant Secretary of Agriculture, Carol Tucker Foreman, apparently subscribes to the theoretical relationship between many animal food products containing cholesterol and saturated fat and chronic disease such as heart disease and cancer.

In a speech in Washington, D.C. on October 2, she said the Department of Agriculture has taken on the responsibility of offering practical advice to those who wish to follow the Surgeon General's advice. One step, she said, is to publish a series of menu guides designed to meet the Surgeon General's recommendations.

She further stated that steps have been taken to implement some of these recommendations in Government-funded feeding programs, which include the school lunch program.

As I said at the outset, I firmly support good nutrition and nutrition education, but I feel strongly that the Government is giving the American public only one side of the story. I fear Government-funded food assistance programs, including the school lunch program, will be used to advocate this antimeat philosophy.

Dr. Robert Olson, professor and chairman of the Department of Biochemistry at the St. Louis Medical Center School of Medicine, and former Chairman of the Food and Nutrition Board, says there is no evidence, from 15 clinical trials involving 50,000 man-years of study, that diet modification would change the mortality rate from coronary disease. All of the results have been negative.

Referring to the dietary goals, Dr. Olson says that putting forth premature and unsubstantiated public health information is dangerous and will mislead the public. He said there is no evidence that the proposed diet modifications will modify the morbidity or mortality rate from any of the killer diseases.

There is evidence, on the other hand, that such diet modifications may induce malnutrition in some segments of our population.

More recently, the Department of Agriculture published "Food," the first of a new series of nutrition booklets designed to help the public choose healthful diets. I have heard one scheduled use for this booklet is as a nutrition guide in various Government programs. That could include the school lunch program.

In the selection on calories, "Food" makes some unfair comparisons, which are apparently designed to detract from beef value as a food, by not using equal measurement or similar cooking methods. Is it fair, for example, to compare two tablespoons of peanuts with one 3-ounce hamburger patty on a bun? "Food" depicts peanuts favorably by showing only 105 calories for two tablespoons, but 365 calories for a hamburger patty on a bun. But USDA's own food composition guide, "Agriculture Handbook No. 8," says 3 ounces of peanuts with skin contain nearly 500 calories, half again as much as the hamburger and the bun.

Again I want to emphasize that I favor nutrition education and the school lunch program is a good vehicle for nutrition education. But let's insist that such programs be based on scientific accuracy, and let's be fair.

Beef is a highly nutritious food. The protein in beef is complete and highly available. Beef is also an excellent source of the highly available nutrient iron, and when eaten along with vegetables, it enhances the availability of their protein and iron.

Beef is also an excellent source of B vitamins. It retains its nutritive value to a high degree during cooking, canning, dehydration, or freezing. It is highly digestible, it satisfies, and has served as an important adjunct to good dietary habits.

I am told that one of the biggest problems confronting the school lunch program is plate waste. Sometimes that is due to poor preparation, but it is also because some foods just are not popular with young children. Beef is popular, and served in conjunction with other less appealing foods, it can make the entire meal more appetizing and appealing and less likely to be discarded.

I do not and would not ask that beef be served five times a week at the expense of other foods. To do so would be ill-founded, selfish and nutritionally improper. I ask only one thing: That the school lunch program not be allowed to be used as a vehicle to advocate a relationship between beef, cancer or heart disease, on evidence that even those who support the correlation will admit is theoretical and unproven.

Thank you.

[The complete statement of Mrs. Townsend follows:]

VIEWS AND COMMENTS RELATIVE TO THE NATIONAL SCHOOL LUNCH PROGRAM

(Submitted by Mrs. Herb (Connie) Townsend, President-Elect, American National CowBelles, White Sulphur Springs, Mont.)

I am pleased to have the opportunity to appear before you today, but have to admit I have some apprehension about it.

I personally believe in *good nutrition, nutrition education* and the *school lunch program*, but am apprehensive that some of my remarks will be misinterpreted. I am also apprehensive that my concerns will only be superficially considered because I have a vested interest in the beef cattle business. That I have a vested interest in the beef cattle business has, over the past few years, caused me to do some serious soul-searching, but I have come full-circle to my initial conclusion. That conclusion being that beef, as a food, is nutritious, healthful and wholesome, and has a very definite place in the American diet.

That relates to the school lunch program because of the current effort on the part of the Federal Government, spurred on by anti-meat activists, to downgrade beef because of its *alleged relationship* to heart disease and cancer. This summer, the Surgeon General of the United States published a report called the "Surgeon General's Report on Health Promotion and Disease Prevention." Chapter 10, page 21, says, Americans would probably be healthier if they consumed less red meat.

No less an official than the Assistant Secretary of Agriculture, Carol Tucker Foreman, apparently subscribes to the theoretical relationship between many animal food products containing cholesterol and saturated fat and chronic disease such as heart disease and cancer. In a speech in Washington, D.C. on October 2nd she said the Department of Agriculture has taken on the responsibility of offering practical advice to those who wish to follow the Surgeon General's advice. One step, she said, is to publish a series of menu guides designed to meet the Surgeon General's recommendations.

She further stated that steps have been taken to implement some of these recommendations in Government-funded feeding programs, which includes the school lunch program. One example is the reduction of the maximum fat level in hamburger from 28 to 22 percent—seemingly rather innocuous, but representative of the current prevailing philosophy held by many Washington, D.C., policy-makers and administrators.

As I said at the outset, I firmly support good nutrition education. But, I feel strongly that the Government is giving the American public only one side of the story, and I fear Government-funded food assistance programs, including the school lunch program, will be used to advocate this anti-meat philosophy.

I'm concerned that wholesale endorsement of recommendations like that coming from the Surgeon General of the United States, and concerted attempts to apply them have potential for economic damage to the red meat industry—and even to the health of Americans whose life expectancy of 73.2 years is the longest in history.

Dr. Robert Olson, Professor and Chairman of the Department of Biochemistry at the St. Louis University Medical Center School of Medicine and former Chairman of the Food and Nutrition Board says there is no evidence from 15 clinical trials, involving 50,000 man-years of study, that diet modification will change the mortality rate from coronary disease. All of the results have been negative. Referring to the "Dietary Goals," Dr. Olson says that putting forth premature and unsubstantiated public health information is dangerous and will mislead the public. He said there is no evidence that proposed diet modifications will modify the morbidity or mortality rate from any of the "killer diseases." There is evidence, on the other hand, that such diet modification may exacerbate malnutrition in some segments of our population.

I submit there is no justification for the Federal Government to advocate only one side of the controversy, through the school lunch program or any other means of communication, because of political infighting between agencies in Washington, D.C., or political pressures from activists who are philosophically anti-business, anti-profit or anti-free enterprise. I have not forgotten, and I'm sure many Americans have not forgotten the debacle resulting from the effort of a few years ago to protect Americans from an epidemic of swine flu.

Let me be more specific.

The recent proposal by the Department of Agriculture known as the competitive foods proposal, and by some as the junk food ban, is an attempt to curtail sales of certain low-nutrient density food prior to lunch. On the surface this proposal appears to have merit and would evoke little argument.

My concern is not with the proposal, per se, but for its precedent. Some activists have labeled the proposal a "farce," a "token," saying it doesn't go far enough. "Far enough" to these vocal critics would set limitations on fat and sugar. My concern is that it's only a matter of time before a proposal is made to limit the consumption of animal food products containing cholesterol and saturated fat as an appropriate adjunct to the Surgeon General's Report—even though, *as Dr. Olson and many other respected and reputable scientists have pointed out,* the relationship between diet and major chronic diseases is unproven.

More recently, the Department of Agriculture published "Food," the first of a new series of nutrition booklets designed to help the public choose healthful diets. "Food," is colorful, attractively illustrated, and easy to read. I have heard one scheduled use for the booklet is as a nutrition guide in various Government programs. That could include the school lunch program.

Again, on the surface, the booklet presents a favorable image. I notice the subtleties which to my way of thinking are anti-meat in nature.

First, the booklet puts food into five groups, instead of the traditional four, with fats, sweets and alcohol in group five. Meats are pictured in group four, instead of group one. One nutritionist recently suggested that meats might be pictured graphically in a *small box* as an indication of their diminishing importance in the American diet. Perhaps putting them in the fourth box is a first step. Throughout the book are other references to the unknown relationship some suspect exists between some animal food products and heart disease.

In the section on calories "Food" makes some unfair comparisons which are apparently designed to detract from beef's value as a food by not using equal measurements or similar cooking methods.

Is it fair, for example, to compare two tablespoons of peanuts with a 3 ounce hamburger patty on a bun? "Food" depicts peanuts favorably by showing only 105 calories for two tablespoons, but 365 calories from a hamburger patty on a bun. But, USDA's own foods composition guide, Agriculture Handbook No. 8, says 3 ounces of peanuts with skins contain nearly 500 calories—half again as much as the hamburger *and* the bun.

Another example of prevailing philosophy was project SCAT (Skills for Consumers Applied Today) which was developed as a teaching aid for use in Florida schools and financed by an HEW grant. It was anti-nearly everything connected with our modern food supply. "Rotten" was the word used to describe the average American diet. Too much meat was listed as one of the most serious mistakes.

Again, I want to emphasize that I favor nutrition education, and the school lunch program is a good vehicle for nutrition education, but let's insist that such programs be based on scientific accuracy, and let's be fair.

Beef is a highly nutritious food. The protein in beef is complete and highly available. Beef is also an excellent source of highly available nutrient iron. When eaten along with vegetables it enhances the availability of their protein and iron. Beef is also an excellent source of B vitamins; it retains its nutritive value to a high degree during cooking, canning, dehydration, or freezing; it is highly digestible; it satisfies; and, can serve as an important adjunct to good dietary habits.

I'm told that one of the biggest problems confronting the school lunch program is plate waste. Sometimes that's due to poor preparation, but it's also because some foods just aren't popular with young children. Beef is popular, and served in conjunction with other less appealing foods can make the entire meal more appetizing and appealing and less likely to be discarded.

I do not intend to be negative toward the school lunch program. In general, it is a fine program. It has given many an opportunity to have at least one nutritious meal each day who might not otherwise have that opportunity. To my knowledge, the administrators, from the federal level down to the local level, have conducted the program admirably and for that are to be commended. I do not and would not ask that beef be served five times a week at the expense of other foods. To do so would be ill-founded, selfish, and nutritionally improper.

I ask only one thing—that the school lunch program not be allowed to be used as a vehicle to advocate a relationship between beef, cancer, or heart disease on evidence that even those who support the correlation will admit is theoretical and unproven.

Thank you.

Mr. WILLIAMS. Thank you very much, Connie.

I think it might be appropriate to have Earl Lindgren join the people here. Earl, I didn't see you sitting back there. Why don't you come up and join the folks at this table inasmuch as you are with the Montana Beef Council.

Karen Mattson, Women Involved in Farm Economics.

[There was no response.]

Ms. KIMMET. Karen didn't make it today.

Mr. WILLIAMS. Karen didn't make it.

Lois, we appreciate you being here. You may proceed.

STATEMENT OF LOIS KIMMET, WOMEN INVOLVED IN FARM ECONOMICS

Ms. KIMMET. Mr. Chairman, members of the committee, I am Lois Kimmet, a member of Montana Statewide Women Involved in Farm Economics. We have 500 members in our State organization, and today I represent the entire membership.

I would like to thank you for allowing me to speak at this hearing on elementary, secondary, and vocational education. I will address my remarks to the value of beef in the school lunch program.

We in WIFE are concerned with the implications of some of the beef research findings now being published, that they are conflicting and inconclusive and will have an adverse effect on the amount of beef used in the school lunch program.

Since proteins are the basic materials in our cells, we cannot exist without them. Proteins maintain body structure and keep the body in repair. Protein supplies the amino acids necessary for growth during infancy and childhood and aids the tissue building process function for the healings of burns and wounds, important factors during the child's formative years.

One of the best sources of this all-important protein is beef. Beef contains all nine of the essential amino acids that the body does not produce, in the proportions and amounts needed. Beef is one of the best sources of blood building iron and it makes the iron in foods eaten with it more available.

Nutritionists agree that the most difficult diet requirement to meet is iron. Beef becomes an even more significant source of protein when you consider that in addition to the amino acids found in beef, a 3-ounce serving supplies the following: 32 percent of the iron, 51 percent of the zinc, 20 percent of the phosphorus, 7 percent of the magnesium, 7 percent of the thiamine, 28 percent of the riboflavin, 24 percent of the niacin, 27 percent of vitamin B-6, and 88 percent of vitamin B-12, based on the recommended daily allowance for children aged 7 to 10 years.

I know of no other food that has staying power in the stomach, is so pleasing to the taste, and can supply all these vitamins and minerals needed by growing children and young adults.

Quoting from a letter I received concerning the school lunch program from USDA Assistant Secretary for Food and Consumer Affairs, Carol Foreman, she says, "The Department is fully aware that no vegetable food source can supply the essential amino acids, zinc, and iron, which meat can." She also states in her letter that in fiscal year 1978, the USDA purchased approximately $95 million worth of beef in various forms for the school lunch program, and that in fiscal 1979 they planned an estimated $116 million in such purchases.

We would ask them why the emphasis on grains, fruits, and vegetables as nutritional necessities, and the downgrading of beef and other red meat at the conferences to set up dietary guidelines sponsored by our Government.

We in WIFE applaud the use of these foods in the school lunch program, but we feel the reduction of beef and substitution by vegetable proteins in the program would be detrimental to the health of our Nation's children.

Right now, peanut butter is available daily in my children's lunchroom. At the present time, it is complementary to the regular menu, but will it someday become a meat substitute? Beef must not be replaced by less nutritious vegetable protein if we are to maintain a high quality lunch program. It may well be the only meal containing meat for many of our children.

Therefore, WIFE recommends that beef be included in all aims, goals, and dietary planning for the school lunch program. We further recommend that there be more State and local control regarding school lunches served in our areas.

Thank you.

Mr. WILLIAMS. Lois, thank you very much.

Mr. Johansen is secretary-treasurer of the Montana Farmers Union.

STATEMENT OF CHRIS JOHANSEN, SECRETARY-TREASURER, MONTANA FARMERS UNION

Mr. **Johansen**. My name is Chris Johansen. I am secretary-treasurer of the Montana Farmers Union, an organization of over 6,000 farm families in Montana.

The Montana Farmers Union opposes any reductions in the level and quantity of Federal aid to the school lunch program. We find it is inconceivable that during this time of increased public awareness and concern over diet and health, that the administration supports a program that would lead to decreased nutrition for our children.

The relationship between diet and many major illnesses is becoming more evident. The cost to society from diet-related diseases, although impossible to calculate, is easily in the billions of dollars. Therefore, we feel that the savings from eliminating school lunch aid may end up costing society many times more in the future.

A 5-cent increase in the cost of the school lunch program for an individual participant may not seem significant, but when it is combined with the added cost from inflation, it may be enough for a parent to withdraw the child from the program. It is these marginal cases who do not quite meet the qualifications for Government lunch aid that will suffer.

On one hand, as a nation we are disturbed over the consumption of junk food in schools, but yet we withdraw support from programs that counter junk food use. It can only be viewed as inappropriate. As taken from the 1980 policy and program of the Montana's Farmers Union adopted November 4, 1979, we advocate the continuation of school lunch and school milk programs with U.S. meat and U.S. dairy products. I want to emphasize U.S. meat and U.S. dairy products.

I am probably one of the few in this room today that personally has had nothing to do with the school lunch program. In the days when I went to school, being raised on a farm and walking maybe 1½ or 2 miles in 20 below weather, with lunch carried in a Union Leader tobacco can, the lunch was frozen by the time I got to school. And by the time you got ready to eat it, it was hardly unfrozen.

So I know that we would very much have liked to have a hot school lunch waiting for us during the noon hour.

We are a little bit concerned, I think, about when the school lunch program was originated, we used surplus commodities, I think, provided by the U.S. Government, commodities that they had obtained through the loan programs and various commodities, and they were, if not given, at very small cost to this school lunch program.

We feel that maybe the present trend is degenerating, if I may use that term, into a welfare program. We don't like to see that. We would like to see lunch available to every schoolchild who wishes it.

With that, I thank you.

Mr. **Williams**. Thank you very much, Chris.

Earl Lindgren, with the Montana Beef Council.

STATEMENT OF EARL LINDGREN, MONTANA BEEF COUNCIL

Mr. LINDGREN. Thank you, Mr. Chairman.

This past year, the expenditures for beef in the school lunch program have been cut well over 25 percent. Now once again, another cut in the overall program is in the making. We in the beef industry council feel we already have come under the ax, and with another cut in the school lunch program, we feel we will have to sacrifice another decline in the use of our product.

In talking to some of the cooks in our local schools, the item they would most like to see increased in the Federal program is beef. Beef is one of the best sources of protein, iron, and the B vitamins that we can have in our diet. All of these are especially beneficial to children's growth and development.

It is not only a safe, wholesome food, but very delicious, as well. Beef is one of the few renewable resources that we have in this country of ours, and it is in plentiful supply. We would like to see this readily available source of nutrition used to its fullest extent.

Beef also utilizes land that cannot be used to grow other protein foods. A vast number of children go to school each day with very little, if any, breakfast at all. The meal they receive at noon, in a lot of cases, is the only solid meal these youngsters get during the day.

I feel that if good, solid, wholesome meals with more red meat were included, more of the food would be consumed and less go into the garbage cans. These solid basic foods cannot be purchased with another cut in the school lunch budget.

Let's keep the lunch program properly funded so that our youngsters' minds and bodies can function as they are supposed to in our schools. It seems strange to me that we in the United States can send billions of dollars overseas to help other needy people, and at the same time ask our taxpayers for a decrease in the funds needed to properly feed our own schoolchildren.

I am sure there are many areas in the national budget that can be cut, but one affecting the health and well-being of our young schoolchidren is not one of them. I hope and pray that the testimony and information given at this hearing today will be used by our Congress in Washington not to sacrifice our young children's health by cutting the funds in the school lunch program.

It does appall me to think that the funds needed to satisfy the nutritional requirements of our schoolchildren would even be considered to be cut in this, the International Year of the Child.

Thank you.

Mr. WILLIAMS. Thank you very much, Earl.

I want to tell you that we are delighted that you are here representing the Beef Council, and I want to apologize for our inadvertent mistake in not including your name on this final panel. We wanted the Beef Council here and are very appreciative that you are able to be with us today.

I want to assure all of you of something that I think you know but I want to say it again. John Melcher and Max Baucus and Ron Marlenee and Pat Williams want more beef in the hot lunch programs and all the nutritional programs for students across the country. We have said that to Assistant Secretary Carol Foreman, we have said it to Secretary Bob Bergland, to Secretary Joe Califano, to Congressman Perkins and to Senator Williams and to President Carter, and we are going to keep saying it.

We are going to do everything we can to be assured that America's children are fed properly. And it is not just a parochial interest with us any more than it is with you. It really gets at the essence of what we are here about today, and that is to see that our children have at least some opportunity for a good meal in the middle of the afternoon, and that, of course, has to include good red meat.

Mr. Miller.

Mr. MILLER. The people where I come from want their products included in the nutrition programs of this country, too, but beef always seems to win out because nobody wants to put artichokes and asparagus in the program. But we are working on it. We are trying to disguise it. We will tell them they are green potato chips. [Laughter.]

I appreciate your testimony and I think it is an important part of this program because I think that perhaps those of us that live in more urban areas, and certainly the millions of young children who participate in this program and their parents in urban areas, have got to understand that this program is clearly a program of coalitions.

Maybe that is the value for someone like myself from the San Francisco Bay area to come out here to understand that. As much as I have the humanitarian approach and the strong interest and desire to help children, this program wouldn't survive 5 minutes in Congress if it didn't use the products of this region and the dairy products of Mr. Erdahl's region, and the vegetables of California and the grains of the rest of the Midwest.

I think that as people like your own Congressman, Pat Williams, come under pressure from his constituents to cut out social programs and to knock off educational programs, and as you are hit with the proposition 13 fever of California as the Congress is, people here better understand that there is a little return in some of these programs because a market is provided. Just as people can get angry about the sale of wheat to the Russians, it is a market for somebody's wheat and it is a market that is very valuable in terms of our own economy.

We go through this all of the time. I hope when we present this legislation to the Congress and we try to beat back these cuts, that our friends on the Agricultural Appropriations Committee continue to understand that their producers are one of the beneficiaries of this program, along with the children and the families and the future of this country.

At the same time, though, I think we have the very strong obligation to continually monitor the scientific evidence about the impact of various foods on nutrition and disease, as has been pointed out here. I don't think it is anybody's desire to cause nutritional imbalances or to bring about heart disease from whatever cause, whether it is milk, beef or potatoes or whatever it is that we do.

We have an obligation to continually do so, as your associations obviously do, because you are concerned about the marketplace for your product.

I guess that is one of the reasons I participate in these field hearings. Sometimes you get a little isolated down in other parts of the country and you forget that that steak in Safeway used to have hooves and horns and just wonder where it came from.

So I appreciate your support for these programs, but it is going to be very important with this administration and future administrations that they don't view this as something that feeds poor minority children in New York City or elsewhere and that is all it is, a welfare program.

I would like to hear more, because obviously you would be a greater beneficiary, of support from the farm community for a universal lunch program. I mean let's get on with the business of taking care of the children in this country and maybe they will have more change in their pocket and they will be better educated and better off economically to continue to buy the products as adults.

But I think it is clearly in our interest, and you have heard that discussion earlier this morning. So I appreciate the support, and I am sure the kids, even though they don't know they have it, appreciate the support from organizations such as yours.

Mr. **Williams**. Mr. Erdahl.

Mr. **Erdahl**. Thank you, Mr. Chairman.

I too want to underscore what Mr. Miller said. Certainly this program started out initially as a two-edged sword, one to provide better nutritional meals for the young people going to the schools in this country, and also as a market for some of the surplus agricultural commodities which we in this country can grow in almost an embarrassing abundance.

As George mentioned, before I got into this business of politics, I farmed in southern Minnesota. We could always count on having good, sturdy calves coming out of Montana for our feed lots and I milked a lot of cows, or at least I milked a few cows a lot of times. [Laughter.]

Anyway, I think this is one thing that we want to remember, that this is a market. And as we look at the importance of agriculture in our whole society, it has been the one economic salvation we have had in countering the tremendous deficit of payments, as we are importing now about $50 to $60 billion a year of oil. Certainly the grains and some of the other things that we have shipped out of this country have been a very positive force.

So I think it is extremely good that we get on the record and, as George said, not only that we get on the record but that we solicit support of our colleagues who are specifically involved in the Agriculture Committee, and others from agricultural regions, to realize the importance not only of the nutrition—I think we have to put that as No. 1, the concern of the children—but also that in so doing, we have a good economic market. And I think it is well that you people that are in the beef industry as ranchers or as farmers are here to support that.

I thought of another thing as Mr. Lindgren was making his statement. The headline story here in your paper and every place is what is going on over in Iran. Yet, last year, and I had one of my staff people look this up yesterday, we sold or gave $2,400 million worth of arms to Iran. The year before it was the largest market for arms in the world from this country. Iran has been the biggest buyer in recent years but in the last 2 years especially. Over the last several years it has been in the tens of billions of dollars.

Here we are talking about $2,400 million last year, and the administration is trying to cut $100 million. There are 1,000 millions in 1 billion. I think we need to emphasize where we could be making some cuts, but I hope the child nutrition program is not going to be one.

Thank you very much.

Mr. **Miller.** You know, before I got to the committee, they tell me, this program used to look just like the membership of the committee. In my first year on the committee we had a hell of a fight over the inclusion of strawberries. One of the gentlemen from up in the Seattle area wanted to mandate that strawberries had to be part of this program and served almost every day.

But we finally got away from that because everybody had their turn in mandating what they wanted. The kid couldn't carry the tray with all the food we wanted to put on it on a daily basis. But it has kind of gotten back to the basics of nutrition and decent eating.

Mr. **Williams.** We are all particularly appreciative of your being here today. The past few years have not been particularly good years for farmers. This year is somewhat better for our cattle people, but not as good as it ought to be.

You have done everything America asked when they first asked you to feed this country, and you have done it so well and the production has been at such a record level that you have suffered some from it in the form of low prices. And you have gone beyond the challenge and even produced enough to feed a large share of the world and make America, I guess, the most generous Nation in the written history of this planet.

I am not sure that Americans have appropriately thanked you in the past, but let me assure you that people like George and Arlen and John Melcher and the rest of us recognize the contribution that Montana and American agriculture has made to this country. And we are going to keep working to see if we can't convince the rest of America to be equally appreciative.

Mr. **Erdahl.** Pat, could I just make a comment, if you would yield, please? We hear so much every day in the Congress, and as you read your newspapers or listen to the media, about the energy shortage. I am persuaded it is a real one, whatever caused it.

Yet the other item, next to energy, the item of great shortage in the world is food. We don't hear much about that. We live in a world where about 1 billion people go to bed hungry every night. We have heard about the starvation in Cambodia, and I support President Carter on this and the Congress has responded in trying to get about $70 million in food to the people if we can get through the horrendous mess of their Government over there and their transportation system. I think the American people have responded.

But just to underscore what Pat reminded me of, we really do live in a world where not only do we have a shortage of energy, but the other item that has such a thin margin of supply around the world, basically because of a poor distribution system, has been food.

So I think that we all owe a salute to American agriculture. And certainly oftentimes, as Pat mentioned, the very productivity has resulted in depressed prices, which is a hard thing, I think, to defend in this system of ours.

Mr. **Williams**. Thank you all very much.

Our final panel is Dottie Sparrow, John Campbell, Mary Musil, and Pat Hennessey. Please come to the witness table.

Previous to your testimony, because we don't have you identified on our formal witness list, please identify yourself and who you represent for the record.

Let's begin with Dottie Sparrow from Lincoln.

PANEL PRESENTATION: DOTTIE SPARROW, MARY MUSIL, PAT HENNESSEY, JOHN CAMPBELL

STATEMENT OF DOTTIE SPARROW, LINCOLN, MONT.

Ms. **Sparrow**. I am Dottie Sparrow from Lincoln, a little town across the hill here. I was lucky enough to have 6 months of glory feeding my children. I only fed 100-some children, but I know that I fed almost 100 percent of those kids. And they needed this food.

I made my own menus out. I did my own buying of my food, other than the commodities I received, and unluckily I didn't get too many at that time. But I know these kids need this food, and they enjoyed every second of it.

I did not acknowledge what I was going to feed them. They never knew what they were going to eat until the day they got there. And ironically, they could smell the odors from the lunchroom as they came in, and said, "Oh, what's cooking today, Dottie? I can smell it. It smells awful good."

I never made any menu out for them. They came and ate, and they ate every bit. There was so little waste, you wouldn't believe it, because they were so lucky to have this food. I really believe that for some of our children in Montana, that was the only decent meal that they had, that hot lunch program.

I implore you: please do not let this go by. Please do not let this go down the hill. As I look at this schoolroom right here right now, if you had to cut corners, cut on some of the building that you are doing. You don't have to be quite so extravagant, I don't believe. Cut out some of the building first before you cut out the food.

This is what I really feel down deep in my heart. Our kids need food, not the fancy buildings that we have. Keep our commodities coming in, please.

That is all I have to say.

Mr. **Williams**. Dottie, thank you very much.

Mary.

STATEMENT OF MARY MUSIL, MANAGER OF NUTRITION, CHILD NUTRITION PROGRAMS, DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

Ms. **Musil**. I am Mary Musil, manager of nutrition for child nutrition programs, administered by the Department of Health and

Environmental Sciences, to include the USDA child care food program in day care centers, family day care homes, and Head Start programs, and the school breakfast program, national school lunch program, and special milk programs for group homes, after-care homes, and homes for developmentally disabled children.

These programs serve 5,000 of Montana's children, to include $1 million in USDA funds.

I am here today because I learned of this meeting through the Helena newspaper, and I do wish I could have received information prior to enable me to prepare to participate in this meeting more fully today.

The Department does wish to enter into the public record our statements concerning these programs, and we will do so within the next few days.

Thank you.

Mr. WILLIAMS. Thank you very much, Mary. We apologize for inadvertently overlooking the Department of Health and Environmental Sciences, but we will, as I mentioned to you earlier in the morning, hold the hearing record open for 10 days so that you and others may submit written testimony, and without objection it will be included in the hearing record.

Pat.

STATEMENT OF PAT HENNESSEY, AMERICAN DIETETIC ASSOCIATION

Ms. HENNESSEY. I may collapse of malnutrition. I am not used to going this long without food. [Laughter.]

Mr. WILLIAMS. We do it all the time.

Ms. HENNESSEY. I am Pat Hennessey, a registered member of the American Dietetic Association, mother of three school children, and a strong supporter of the school lunch program.

As nutritionist for the children and youth project, a preventive health program, I work with children and their parents to prevent health problems and to correct identified nutrition problems: anemia, obesity, dental problems, undernutrition, and so on.

I refer to the school lunch program to help solve some of these problems, because after all, that is one-third of the child's daily nutrient requirement right there, and that is a great resource. In C. & Y. and in WIC, we incorporate the menus from the school and from the day cares in teaching meal planning to the parents, and we use the nutrient approach to do this. This is only one example of our educational program.

Our professional association has placed high priority on the development of a national nutritional policy which includes an education program that would be integrated into educational, health, and food delivery systems.

The position paper calls for a kindergarten through high school plan that would introduce nutrition concepts as part of basic education in order to influence lifelong attitudes and habits and to provide a tool for assessing new information.

I agree wholeheartedly with my colleagues that the school lunch program should be more than a feeding program. It should be the visual aid of the educational program, a real teaching tool in living color. I believe that the total program should be available to every child regardless of structural inadequacies of the school building or of physical and handicapping conditions of the child. Rather, it should meet the needs of these children.

I believe that the nutritional educational program that is begun with the child and his or her family in C. & Y. and WIC should be the basis for continued nutrition education in elementary and secondary schools. This is a cost-effective process.

I believe the cooperation between parents, teachers, children, and the Congress is essential if our children are to have a nutrition education program that will: One, increase his or her ability to make wise food choices throughout life; two, understand the relationship between food and health; three, gain knowledge of nutrients and their roles in the body; four, develop the ability to evaluate advertising and other claims made about food and nutrition; five, understand the influence of emotional and cultural factors on food choices; six, become aware of the role food can play in aiding him or her to reach goals he or she sets for him or herself; seven, gain knowledge of career opportunities in the field of food and nutrition.

In the past 10 years, our local school program has made great strides. I have had more than 100 percent cooperation with the administration, the food service and the teachers. For example, three children who through no fault of their own were consistently being sent to school without breakfast were not only given lunch, but the school staff made arrangements for them to have breakfast at the school.

We need a breakfast program also. The school lunch is the best food bargain in town. As a mother, I would be broke without it. As a mother and a nutritionist, I urge expanded benefits from it.

Thank you.

Mr. **Williams**. Thank you very much.

Mr. Campbell, we appreciate your tenacity in hanging in there with us until the end.

STATEMENT OF JOHN CAMPBELL, ASSISTANT SUPERINTENDENT FOR BUSINESS, HELENA SCHOOL DISTRICT

Mr. **Campbell**. Well, I appreciate very much the opportunity to present testimony.

I am John Campbell, assistant superintendent for business in the Helena School District. I have presented prepared testimony, along with several other prepared testimonies. I was fortunate to have a little bit of advance notice and to be able to prepare some testimony.

Also, before I get into the testimony, I would like to express the Helena School District's appreciation for your having the hearings here in Helena and reviewing our program personally here in Helena.

The Helena School District is proud of its school food services program and the success of its operation. We have increased the pupil participation 130,000 servings, or a 50-percent increase, in the past 4 years. The success of our program has certainly been enhanced by the Federal school lunch financial assistance we have received.

The operation of a lunch program by a school district is subject to several limitations. The most obvious are the Federal and State regulations of the program. But perhaps the more limiting are the realities of the school district's ability to offer the program.

It is the school district that must provide the preparation and feeding facilities, the equipment. There is a Federal program where we do sometimes receive assistance in acquiring equipment, but basically the school district must provide the equipment.

They also must hire the employees and they must acquire their food. In other words, the school district must manage a school food services business.

I will divert from my prepared testimony for just a moment at this point in time inasmuch as we seem to have some kind of comparison going on between our school district and another school district in the State. I would like to provide you with a little bit of data with respect to this comparison.

First of all, we have 25 percent of our participation as free meals, another 5 percent as reduced meals, and finally, 70 percent of them, the parents are paying the total cost of their food service. My point there is if a lot of your participation is going to be related to how much application you have for free and reduced price meals, you will note that our percentages are lesser than the other district that provided you with data.

Other factors come into play here, too. What is the length of the lunch period? Is it a closed campus for the lunch? I do not know the other district's length of their lunch period, but I can and will certainly attest to the fact that our lunch period is 45 minutes. I think how long a child can be gone from school during the noon hour is going to have an effect on the participation in the lunch program.

There are various operational options available to a school district in the selection of the means by which to conduct a food service program. Basically, the school district must determine whether it wishes a financially self-sustaining program or one that is financially supplemented from the financing available for the instructional program.

Another option is whether the program will be operated by school district employees or a self-operated program or by a private business firm contracted by the school district. The Helena School District has chosen to have a self-supporting program operated by a private contractor. I might say it is the only one in the State that has chosen that as that option.

The exercise of this option is a cause for concern and that which we want to point out to you. The USDA regulations for the school lunch program provide double standards for school district self-operated programs and contracted programs. Contracted programs must be monitored and audited more frequently by federal regulation.

Contracts must contain conditions for easy termination by the school district, which serves to provide for needlessly more expensive contracts. And finally, the Federal regulations limit the types of contracts that a school district may enter into as far as contracting a private firm to conduct this business for them.

School districts should be able to exercise the option that best fulfills the abilities and the needs of the individual district on an equal regulation basis.

But regardless of how the district provides the school lunch program, the Federal financial assistance is very much appreciated and vital to the operation. This is especially true in our current extreme inflationary state of the economy. Inflation not only affects the cost of the school lunch operation but also affects the ability of the parent to pay.

You have heard this several times today. I will get to the bottom line of my testimony and just indicate that we certainly recommend that you do not entertain the idea of reducing the reimbursement for the school lunch program.

I think you have also made it clear to us today that we have to establish national priorities, we must establish priorities within this program, and we just might not be able to continue the support that has heretofore taken place. If that be the case, I would suggest to you that you review the various facets of the school lunch program, namely, the free, reduced, the reimbursement of the lunch program, regardless of what status, free, reduced, paid, commodities program, the breakfast program, the special milk program.

I would suggest, in evaluating those priorities as far as the school lunch program is concerned, that the breakfast program is probably of the least importance, at least in our evaluation, inasmuch as the breakfast program is placing the school district more in the welfare realm.

I appreciate the opportunity to testify to the committee, especially in view of the fact that I didn't make the schedule. Thank you very much, Representative Williams.

Mr. WILLIAMS. Thank you, John.

Your comments concerning unique factors which strike a difference between this and other school districts in Montana will be very helpful. I am glad you had the opportunity to describe those to us.

Mr. Miller.

Mr. MILLER. Mr. Campbell, why would a breakfast program place the program more in a welfare role than a lunch program?

Mr. CAMPBELL. Not the program, the school district itself. The school district is in business or is there for the purpose of educating the children. The more we have to divert moneys from the instructional program for other programs, the more we are detracting from the instructional program, the ability to finance the instructional program.

Mr. MILLER. Then it is not the program you are concerned with creating a welfare status or something, it is the financing.

Mr. CAMPBELL. Yes.

Mr. MILLER. You would have no objection if we came in and said we will have a fully federally funded school breakfast program.

Mr. CAMPBELL. I would not be concerned under those circumstances, no.

Mr. MILLER. You don't see that as a welfare program. If scientific evidence shows that——

Mr. CAMPBELL. I do.

Mr. MILLER. You do.

Mr. CAMPBELL. Yes.

Mr. MILLER. What would be the distinction in that and a fully funded Federal lunch program?

Mr. CAMPBELL. It is part of the schoolday. Many children cannot leave the school during the schoolday. I think it is part of the instructional program to see that they are able to continue to concentrate, to have a full stomach so that they can continue through the afternoon session.

Mr. MILLER. You don't think that is applicable to a child who hasn't eaten, maybe, since the night before and now is required to sit in a classroom for 2½ to 3 hours before they eat?

Mr. CAMPBELL. Well, I think the parent also has some obligations.

Mr. MILLER. I agree. But if that was what we were addressing ourselves to, we wouldn't have any paying students, would we?

Mr. CAMPBELL. Paying students?

Mr. MILLER. Well, we provide a 30-cent subsidy for every paying student who goes through the line, and the assumption is that the paying student's family can afford to pay that price or perhaps even more, that they are working or something, and the subsidy is in fact maybe even greater in terms of ability to pay to the paying student than to the nonpaying student.

I think that is what the administration is in fact saying, that they ought to concentrate their resources just on those who have the least ability to pay the reduced price or the free. See, I view this as part of the educational program, breakfast or lunch. If clearly nutrition enhances your ability to receive a better education, your alertness and all of that, then we ought not to diminish that.

That is the second time I heard that today, the feeling that a breakfast program would be in the welfare realm but not a lunch program.

How many young people in Montana are in the other settings outside the school that we provide for in the legislation, in the group homes and institutions?

Ms. MUSIL. During the fiscal year 1980, there will be approximately 4,500 children participating in the child care food program in Montana, and above 200 children participating in the school breakfast, lunch, and milk program that reside in residential facilities.

Mr. MILLER. These are children outside their own home in one form or another.

Ms. MUSIL. Yes.

Mr. MILLER. Thank you.

Mr. WILLIAMS. Mr. Erdahl.

Mr. ERDAHL. Thank you, Mr. Chairman.

Mary, I think you are the one person who has been before us today who is really talking about these lunch programs outside the regular school setting, at least for some people, special classes and so forth, and we will look forward to getting your statement.

But if you could just in a few moments, from your personal experience in working with this program and others that are directly involved, tell us how you see this as working for the people, in a sense, that you represent here today.

Ms. Musil. I will address this in the written statement following what I say at this time. In coming to this position, I inherited these programs for residential child care. As it is, the Department of Health and Environmental Sciences began administering them in 1977.

Mr. Erdahl. If I could interrupt for a minute, when you talk about residential care, could you give us some examples of what you are talking about?

Ms. Musil. These are group homes, after-care homes, homes for developmentally disabled children, wherein they have a bed and they are cared for 24-hours-a-day.

Mr. Erdahl. Would they be day care centers, preschool programs?

Ms. Musil. The distinction would be that one is less than 24-hour care and the other is 24-hour care.

Mr. Erdahl. So you are dealing with the 24-hour care?

Ms. Musil. Yes. The children residing in those places are eligible to receive benefits under the school breakfast, lunch and milk programs.

Mr. Erdahl. Thank you. Go ahead, then.

Ms. Musil. The reason why the Department of Health and Environmental Sciences is administering them is historical, and to my understanding it was that at the time the Montana Department of Health was interested in the programs, they would have been offered to the administering agency, namely the Office of Public Instruction.

However, the interpretation of their scope of responsibility did not include children residing in group homes and so forth. So when the Department of Health and Environmental Sciences agreed to administer the child care food program, that along with the package, we also agreed to accept administrative responsibility for the breakfast, lunch and milk program in residential child care institutions.

Mr. Erdahl. Your feeling is that as we think about our oversight functions here, that these programs are working very well?

Ms. Musil. What I do not fully understand the history of is why Congress did not include residential child care in the child care food program, for in fact, children reside for 24-hours-a-day and they do not receive reimbursement for a supper meal, which happens to be their largest meal.

Mr. Erdahl. That is a very good point.

Ms. Musil. I believe it had to do with the price tag of the child care food program at the time it was under debate. You could probably answer that more fully than I if you were there at the time that decision was made.

Mr. Erdahl. I wasn't there, but George, do you have any recollection? We are dealing with a myriad of different subjects. I am not trying to put him on the spot.

Mr. Miller. I have a lot of recollections. Part of it is simply there are other reimbursements that go for the care of those children, and meals are figured as part of that, in which all three meals were taken care of before this amendment was put in a couple of years ago.

So in a sense, I think this amendment was looked at as tacking on an additional reimbursement over and above what you would ordinarily be reimbursed to keep a child in foster care or residential care or whatever. So it was viewed at that time as a bonus, and the feeling was if you were going to put on a bonus, that you couldn't very well expand it to supper too because you would then be going beyond those programs you were trying to make them eligible for.

We said if you are in this living situation, you are eligible for these programs. We couldn't do that at that time and then politically also say we will also take money from these programs to pay for an additional meal. I think that was what happened. Now it is not viewed as a bonus but as a necessity, but at that time it was.

Mr. **Erdahl**. Thank you, George.

The first lady that made a presentation. You had a little different experience. We have heard from some of the young people and others that have said we really have to have variety, you have to give them a choice of menus so they know what is coming up. Your experience evidently was if you have good food, the kids came in and they ate it. Correct?

Ms. **Sparrow**. That is right.

Mr. **Erdahl**. So you don't see there is really that need that some have expressed—maybe you did provide a variety anyway.

Ms. **Sparrow**. I did. I am a nutrition nut myself, so I made sure that those kids were getting everything they needed, the basics. And of course, it was a new program up there. We tried to get it there for many years, and we managed to have it for 6 months before our school burned down. So they were thrilled to death to get a decent meal, believe me.

As far as hotdogs go, I very seldom served hotdogs. I had more or less casserole-type meals, spaghetti-type things, chile, and very seldom, like I said, hotdogs. Hamburger, yes, because we got that from the Government, thank God.

Mr. **Erdahl**. So you are telling us really that maybe the variety is really the thing rather than printing a menu ahead of time.

Ms. **Sparrow**. I think this is real good because, like I say, when they came into the room they could smell the odors, and they were hungry right now. But also, I had no idea what children I was feeding for free. I never knew, and that was fine, because it didn't make any difference anyway. I had no handling of that whatsoever. That was fine.

Also, while you are talking to me, is it more economical to have a central food service than to have each school make their own? I mean transporting. Great Falls and Helena evidently have a central service.

Mr. **Erdahl**. We would like to find out. That is one of the reasons, I think, that we should be grateful to Pat for having the hearing here. We want to find out if one system is better.

Ms. **Sparrow**. I wonder if, by the time the food gets there, it is hot enough to serve these kids, health-wise. It should be a certain temperature by the time it gets there.

Mr. **Williams**. It is a question of the tremendous expense of providing each school with its own kitchen.

Ms. **Sparrow**. But transporting all this food costs a lot of money, too.

Mr. **Williams**. It does, indeed, but not as much as building a kitchen in each school.

Ms. **Sparrow**. I used to live in Great Falls many years, and at one time they all had their own kitchens, I believe. Those are probably still sitting there, aren't they? You don't know.

Mr. **Erdahl**. Anyway, Mr. Chairman, thank you very much for providing us with another good panel.

Mr. **Williams**. Pat, are you a nutritionist?

Ms. **Hennessey**. I have wondered of late whether we are properly educating students or adults about good nutrition. It seems to me that we are not. I am just guessing. I don't suppose that 2 people out of 10 in a restaurant ordering from a menu know whether what they are ordering is better for them than what they didn't order. I don't think most of us understand which foods contain the vitamin C and which contain the carbohydrates and in what amount, and so on.

I am wondering if we can't find a way to use the hot lunch program as an educational device to help solve some of that.

Ms. **Hennessey**. This is what we propose. We are trying to correct the problem with our educational programs in WIC and in C and Y. Head Start, Children's World, any of our day care programs have excellent nutrition education components.

Mr. **Miller**. Excuse us. What is C and Y?

Ms. **Hennessey**. Oh, wash your mouth out with soap. [Laughter.] C and Y is the children and youth project, one of the five required health programs. That is another story. It is a comprehensive health care program. It is a preventive health program. There is a team, a doctor, pediatrician. Our program in Lewis and Clark County is available to children between 6 weeks and 13 years of age.

We have two nurse practitioners who do physical assessments, well child program. We have different disciplines represented. We have a family counselor, we have a dental component to this, and we have speech and hearing. I am the nutritionist. Public health nurses do follow up, as well as the rest of us.

The idea is that you identify a problem early enough and you are saving money.

Mr. **Miller**. Under what program? Is this federally funded?

Ms. **Hennessey**. We were federally funded until——

Mr. **Miller**. Were you started under the early periodic screening program?

Ms. **Hennessey**. That is another program. No. The Social Security Act was the original part of it. Then it came under the program of programs. And now the money is at the State Department. Lewis and Clark started their program in 1967. It is the only C and Y program in the State of Montana.

Mr. **Miller**. It may be the only one in the country.

Ms. **Hennessey**. No, there are 67 of them in the country.

Mr. **Miller**. All I get are complaints of why we don't have it in my district. That is why I am asking, because we have gone through this.

Ms. **Hennessey**. It is because somebody wasn't on the ball and didn't get the grant written soon enough and get in there. We get the same thing from other cities around the State: how come our cities don't have it? It is a great program.

Anyway, we are trying to educate people as far as nutrition goes. I think that what you will find is that your children are much better educated as far as the nutrients in the food go and are better able to make wise food selections than you are, but you might be able to learn from them. We are certainly attempting to educate them all through our programs through the school.

Ms. **Sparrow**. Excuse me. Speaking of nutrition, 1 day a week, the 6 months I had, I would give a teacher in each class, even the first graders, the little booklet that came from the school lunch program on what they were supposed to have basically, and I would let those kids pick out their own menus, basically. And they would come up with some good ideas. They knew what they were supposed to have. Then they would be satisfied, because 1 day a week they had their own choice, each class, first through eighth grade.

Ms. **Hennessey**. This is one good way to make a school lunch program work, is to get the kids involved. But you need the parents backing you. You need the school administration, the teachers, everybody working together. And, of course, Congress with the money. [Laughter.]

Mr. **Erdahl**. George controls all that. [Laughter.]

Mr. **Miller**. Yes, I control all that. We always appoint someone before we have one of these hearings and say you are the guy that has to come up with the money.

If this the last panel, I want to thank the panel and thank everybody else who participated in this. Sometimes people ask you, if you live out where I do in San Francisco, what are you doing here in Helena, Mont. I was thinking about that last night at 2 o'clock in the morning as we got here on eastern time. It all came back to me very early this morning.

I was standing and having a hot dog at a snack bar, and I said to Congressman Williams, "Gee, I just heard someone make a derogatory remark about the Helena school district and what is going on up there in their nutrition programs," and I was kidding him. He didn't think it was a joke, so he said he was going to prove that that wasn't so, that that wasn't the case, that he had heard about those charges and that they weren't to be substantiated. As a matter of fact, he was going to prove it to me and I ought to come out here and find out.

He just kept it up and kept it up and kept it up, so here I am and I think I am ready to say that, certainly from the questions we have asked, I will rule not guilty, Pat. I hope you are satisfied and I can go home now. But it is a pleasure to be here.

Mr. **Erdahl**. I would just like to make a comment, and maybe Pat would like to have the last word here. I would just like to commend him publicly for holding this hearing to give us an opportunity to come out and listen to people. As politicians we have all kinds of opportunities to talk to people, but maybe if we would spend more time listening and less time talking, the whole country would be better off. So this has been a good opportunity to listen.

I also want to publicly salute Pat here, in the presence of his constituents and the people he represents, for the fine job he does in Congress and for the attentiveness he has portrayed. Most of our association over the 10 months now that we have been together in Congress has been on the Education and Labor Committee. The committee's jurisdiction obviously goes beyond just the nutritional area, but it is one that we are particularly zeroing in on now.

I want to thank him for inviting me to be here today. I think it has been a productive time. I think we will go back to Washington knowing a little bit more than when we left.

Thank you.

Mr. **Williams**. Thanks very much.

First of all, I want to thank those of you who care about child nutrition. Thank you for being here and for everyone who testified who had to leave. We appreciated the involvement of all of you in this and encourage your continued concern.

I particularly want to thank you, Arlen, for those kind comments. I think it is most generous of you to take the time to come out here. And George, I don't want you to go back thinking that California can now apply for these various programs that you didn't know anything about.

I have a theory that we ought to be generous in Congress, and I am willing to split everything half and half: half for the Nation and half for Montana.

Mr. **Miller**. That is what we found out. [Laughter.]

Mr. **Williams**. With that, this oversight hearing of the Subcommittee on Elementary, Secondary, and Vocational Education is adjourned. Thank you very much.

[Whereupon, at 1:20 p.m., the hearing was adjourned.]

[Additional material submitted for the record follows:]

MONTANA CONGRESS OF PARENTS AND TEACHERS,
Missoula, Mont., November 8, 1979.

CARL D. PERKINS,
Chairman, Subcommittee on Elementary, Secondary, and Vocational Education, Rayburn Office Building, Washington, D.C.

DEAR REPRESENTATIVE PERKINS: The Montana Congress of Parents and Teachers supports the school lunch program enthusiastically. A hungry child cannot concentrate and, therefore, cannot learn.

Our association presently is concerned with the attempt to reduce the federal support of the lunch program. With the rising cost of food, school lunches will cost more. This means local school districts will either have to raise the cost to the student or increase local taxes to make up the difference. Some districts may even drop the program.

If the federal share is reduced five cents, many children who are now paying the full price for lunches will apply for reduced or free lunches. This will mean the actual cost of the federal share will increase, not decrease, because the five cent cut will only apply to students paying the full cost. The program may end up costing more than it does now.

To get greater student participation in the program, we support USDA efforts to remove junk food from the schools. But we are concerned with the proposal to allow artificial fortification of "junkfood" to pass minimum nutritional requirements. We'd prefer that fruits, nuts and other nutritionally desirable foods be allowed, but not artificially fortified junk food.

The school lunch program should be supported as a method of teaching good nutrition and provide nutritious meals to all students.

Sincerely,

Connie Shousen,
President.
Martha Onishuk,
Legislative Coordinator.

Billings Public Schools,
Billings, Mont., November 9, 1979.

Hon. **Carl D. Perkins,**
Chairman, Subcommittee on Elementary, Secondary, and Vocational Education, Rayburn House Office Building, Washington, D.C.

Dear Sir: I wish to testify in opposition to the proposed five cent reduction in general reimbursement for paid student lunches.

School District No. 2 in Billings, Montana serves lunch to students in all of its thirty-two (32) schools. The annual participation of students in all categories is approximately two million lunches. Eighty percent of these lunches are consumed by students who pay full price.

A five cent reduction in general reimbursement would cost approximately $80,000 per year. This cost would necessarily be reflected back to the paying student in increased lunch prices. Combine this with the inflation factors and it becomes predictable that student lunch prices will escalate to a level that precludes participation by paying students.

School lunch has been in a crisis situation for many years with food and labor costs escalating at alarming percentages. The general reimbursement has not kept pace with these increases and the difference has necessarily been picked up by the paying student.

School District No. 2 has been forced to increase lunch prices three times over the past five years and each time a five cent increase has reflected a reduction in the paying student participation by about four percent. It is clear to us that further price increases brought on by reduction in governmental support of the paying child will cause this group of students to drop out of the School Lunch Program.

If a reduction in funding for nutritional programs is in fact necessary, it seems that reduction in areas other than school lunch would certainly be imposed rather than cripple a program that is probably the most successful program in government for delivering direct service to students.

If the past philosophy of the National School Lunch Program is still viable, then the delivery of lunch service to all school children of the nation is our main objective. This includes the children that cannot pay or cannot pay full price but in our situation is aimed primarily at the student who pays for his or her lunch.

It will be a disservice to the students and parents of school districts that participate in lunch programs primarily funded by paid lunches if a reduction in general fund reimbursement becomes the vehicle for mandated budget reductions.

Sincerely,

Walt Laird,
Director of Special Services.
Dr. Virgil R. Poore,
Superintendent of Schools.

Statement Submitted by Andrea L. Pagenkopf, Ph. D., R.D., Food and Nutrition Specialist, Cooperative Extension Service

FUNDING CHILD NUTRITION

It appears that the proposed changes in funding for child nutrition programs have been approached from a strictly economic standpoint, with little regard for the effects on the consumers of these programs, the children participating. I have been asked to address the issues relating to the School Lunch Program.

Great strides have been made in the last few years in feeding needy people in this country. One example of success is the offering of school lunch free or at reduced prices for those who qualify.

One proposal to decrease the cost of the School Lunch Program is to decrease the subsidy to the local programs by five cents per meal for non-needy children. This would appear to have no effect on the provisions of lunches to the needy. However, also proposed is the lowering of the income eligibility levels for qualification for free or reduced priced meals. The total effect, therefore, to a local district would be to decrease the number of free and reduced price meals and decrease the subsidy for the other meals. With less money coming into the school lunch program, the school district must make some difficult decisions. In order to maintain a high quality lunch program with less federal support, additional money must be found. One source of additional funds may be increased charges for lunches now offered. As such costs increase to families it is to be expected that participation in the program will decrease. This will be especially true among that group which previously had qualified for a free or reduced price meal and now must pay a price greater that the "full price" charged earlier. Yet these children are the very ones who can least afford to go without a nutritious lunch at schol because the food available at home often fails to meet their nutritional needs.

If students no longer participate in the School Lunch Program, there are several alternatives they may choose. Some will bring a lunch from home. A carried lunch can be highly nutritious; however, surveys have shown that the average carried lunch provides fewer nutrients than the school lunch. This alternative, then will likely result in poorer nutrition for the students who choose it.

A second alternative to School Lunch may be purchase of food from an outside source such as a vending machine, nearby store, or restaurant. If limitation of funds prevents purchase of School Lunch, a restaurant alternative would not be feasible. The food available from most vending machines could not be considered a proper substitute for a meal. The common purchase by many students in a super market is a bakery-type item or snack crackers, again, in no way nutritionally equivalent to the Type A meal.

A third alternative, which is chosen more often than I would like, is to go without a noon meal. This choice may accompany a decision to also forego a morning meal. Needless to say, this is an unacceptable alternative.

One assumption often made about the nutritional status of adolscents is that it is related directly to income, those from higher income homes have better nutrition. This has been found not to be a simple relationship, however. Nutrition status studies have shown that youth from non-poverty homes have nearly the same incidence of nutrition-related problems as those from poverty homes. This points out that factors beyond economics alone determine nutrition needs of youth.

It thus appears to me that reducing reimbursement for school lunch to non-needy participants and adjusting the eligibility criteria can only decrease the effectiveness of the School Lunch Program as a positive force in the nutrition of youth. It could be assumed that decreased participation brought about by these adjustments would cause some schools to be unable to continue any type of school feeding program.

One suggestion which has been made many times recently and apparently ignored is the proposal that a universal free lunch be offered in the schools. Some have calculated that the cost of such a move would not be much greater than the current program costs. The elimination of the burden of determining eligibility and designing systems to maintain confidentiality as well as the monitoring of compliance with all participation regulations should greatly reduce the administrative cost of the program. I urge that this alternative be studied.

The tremendous savings obvious on paper of eliminating the Special Milk Program would likely result in a great cost to the American health status. Many children get the only milk of the day through this program. Since calcium is one of the nutrients the American public appears to ingest in less than adequate amounts, the reduction of access to milk by school age children becomes especially serious. For children who carry a lunch from home to a school which provides a School Lunch Program, no milk would be available or it would be available at a much higher cost than currently. A higher cost will put the hardship particularly on those children from lower income homes who probably most need this extra calcium source. Some children may carry milk in a lunch from home. Many of the thermos bottles available in lunch boxes are not of good quality and do not maintain proper temperature. It could be foreseen that a child carrying milk in a defective thermos could develop food poisoning because of bacterial growth in the milk during the hours the temperature was not controlled. This is an unnecessary risk.

The School Breakfast Program is one which is gaining more and more support from school teachers and administrators. In many cases it has been documented that children are better able to learn after having had breakfast than if no breakfast is eaten. Again, those children from the most needy homes are more at risk. However, eliminating the eligibility of some of the needy, but relatively less needy, students may save money but in the final analysis cost the children, the school district, and the nation far more than the price of breakfast.

Programs that have been designed to improve the health of youth in the country and to help teach them disease prevention through proper nutrition should not be cut; if anything, extra resources should be allocated. The objective of holding down costs is laudible, however, when the possible consequences are considered it can be seen that a tremendous price will be paid by the youth in the schools in the country.

MONTANA COWBELLES,
Polson, Mont., January 5, 1980.

Hon. PAT WILLIAMS,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN WILLIAMS: The dietary advice from USDA, HEW, and other federal agencies continues to support the diet-heart hypothesis first put forth by the Dietary Goals Report of 1977. The litany remains the same: Americans would probably be healthier if they ate less red meat.

Nutrition advice from these federal agencies is one-sided as it does not admit to the fact there is a growing body of evidence and a growing number of nutrition researchers who say diet modification does not alter the incidence of heart disease in the general population.

Nutrition advice from these federal agencies is misleading when it advises the general population to eat less red meat and does not tell consumers what red meat contributes to a balanced diet and general good health.

Nutrition advice from these federal agencies is erroneous when it tells consumers they eat "too much" protein in the form of red meat. Per capita consumption of edible meat (after it is boned, trimmed, cooked) was 2.8 ounces per day in 1978—— barely half of the two 3-oz. servings which is the Recommended Daily Requirement by USDA standards:

Why does the federal government persist in recommending against meat when there is no clear evidence that the general health of the American public will be improved? There are many answers.

One is politics. HEW and USDA are engaged in a fierce battle to see who will be the leader in nutrition programs. Both are competing for millions of dollars in appropriations, so they are supporting a theory that is currently popular.

Another answer is that persons in government want to give the appearance of doing "something" about health, even though that something may not be productive and may even be counter-productive.

Some activists holding influential positions in Congress and within the administration, have combined social goals with science and are using the diet-health theory as an argument in favor of less livestock feeding, more grains consumption, and a changed agricultural structure.

Another answer has to do with saving face. It is difficult for anyone to take a position and then later on have to admit being wrong. It is particularly difficult for scientists to change a position. It's not good for credibility.

The Montana CowBelles advocate good nutrition, and we think a good diet comes from eating a variety of foods in moderation. We think it is good that Americans are interested in good nutrition. We think the federal government has an important role to play in nutrition education and research.

We do not think, however, the federal government is justified in basing nutrition programs on preliminary findings, supposition, inconclusive evidence or political considerations.

Enclosed is a copy of a resolution the Montana CowBelles presented to the Montana Governor's Ad Hoc Committee on Agriculture. It was passed unanimously by that group. Through this resolution the Montana CowBelles are asking for your advice and help in dealing with a problem that is of great concern to the beef producers (as well as other food producers) of Montana.

Sincerely,

PENNY JARECKI, *President.*

RESOLUTION TO MONTANA GOVERNOR'S AD HOC COMMITTEE ON AGRICULTURE FROM MONTANA COWBELLES, INC.

Whereas, the beef industry is an important segment of Montana's agriculture and economy;

Whereas, the health and welfare of consumers are of prime concern to the Montana beef industry;

Whereas, the meat group of the basic food groups provides more nutrients per calorie than any other food group;

Whereas, meat provides all of the amino acids in the correct balance, and red meat provides the most absorbable source of iron, other trace minerals, and important B vitamins;

Whereas, there is an increasing body of knowledge that challenges the therory that cholesterol and saturated fat in the diet cause heart disease;

Whereas, the USDA, the Department of Health, Education, and Welfare, and other federal agencies continue to move toward the issuance of dietary guidelines which indirectly, if not directly, discourage the consumption of animal products, including beef;

Whereas, the USDA has spent more than $100 million of taxpayers' money in fiscal 1979 to get nutrition information (which includes information based on hypothesis, not fact) to the public, then, therefore, be it,

Resolved, That the Montana CowBelles, Inc. ask Montana's Governor Thomas L. Judge by way of the Governor's Ad Hoc Committee on Agriculture to demand that the federal government disseminate nutrition information based on scientific fact and that the USDA abandon its plan to develop a national agriculture policy based on a "national food policy," and be it further

Resolved, That Governor Judge bring this matter before the governors of other states as represented on the Western Governor's Conference asking their aid as this affects beef producers in our adjoining western states, and be it further

Resolved, That the organizations represented on the Governor's Ad Hoc Committee call the activities of the USDA and other federal agencies to the attention of the Montana Congressional delegation securing their cooperation in this matter. The Congressional delegation is asked to ensure that federal monies spent on nutrition research be allocated so that all sides of the issue are investigated.

Unanimously passed December 20, 1979.

STATE OF MONTANA,
OFFICE OF THE GOVERNOR,
Helena, Mont., January 4, 1980.

Hon. PAT WILLIAMS,
House of Representatives,
Washington, D.C.

DEAR PAT WILLIAMS: Recently, the Governor's Ad Hoc Committee on Agriculture in Montana adopted a resolution calling on the Department of Health, Education and Welfare and other federal agencies to revise dietary policies that discourage the consumption of animal products, including beef.

I strongly support the purpose of this resolution and recommend that the USDA abandon its plan to develop a national agricultural policy based on national dietary goals that would discourage public consumption of meat products.

Much of the criticism of meat is based on hypothesis and we cannot allow unproven dietary theories to destroy an industry that is critically important to the economy of the western states.

There is increasing evidence that challenges the theory that cholesterol and saturated fat in the diet cause heart disease. There is no question, however, of the nutritional value of meat as a source of essential amino acids, iron, other trace minerals and B vitamins. In fact, meat provides more nutrient per calorie that any other food group. And I would strongly oppose any agriculture policy based on dietary goals for the American people that ignore these facts in favor of unsubstantiated theories.

I ask you to resist this attack against the livestock industry and to work with me to assure that the millions of federal dollars spend annually to collect and distribute nutritional information is not used to promote prejudices and unproven opinions regarding the role of meat in the American diet.

Sincerely,

THOMAS L. JUDGE, *Governor.*

OVERSIGHT HEARINGS ON THE CHILD NUTRITION PROGRAMS

Innovative School Lunch Program

THURSDAY, DECEMBER 6, 1979

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 9:30 a.m., pursuant to notice, in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Kildee, Williams, Goodling and Erdahl.

Staff present: John F. Jennings, counsel, and Beatrice Clay, staff assistant.

Chairman Perkins. The committee will come to order.

I want to welcome all of you today to the subcommittee's 11th day of oversight for the child nutrition programs.

Today we will be focusing on three innovative school lunch programs. I am looking forward to hearing our panels' statements because, too often these days, we only hear what is wrong with our programs. I think we forget that as we learn from our failures, we also learn from our successes. I am not sure that we always give equal time to both.

Therefore, let me commend the panel. We have heard of the success of your programs and we look forward to your testimony.

Today we will hear from Mr. Thomas Farley, past director for school food services, Milwaukee Public Schools; Mr. Len Fredrick, past director for school food services, Las Vegas; and Ms. Elizabeth Cagan, director of school food services, Long Island City, N.Y., accompanied by Mr. Melvin Taylor, principal, Benjamin Franklin High School.

All of you come around and we will hear you as a panel before we commence our questioning, in view of the shortage of time this morning. The House goes in at 10 o'clock, but we will hear all of you.

Mr. Farley, we will hear from you first. Identify yourself for the record and proceed. We will take you the way your names appear on the list.

STATEMENT OF THOMAS FARLEY, PAST DIRECTOR FOR SCHOOL FOOD SERVICES, MILWAUKEE PUBLIC SCHOOLS, MILWAUKEE, WIS.

Mr. **Farley**. Thank you, Mr. Chairman.

Twenty-two years in school lunch, and I have been asked to appear before a congressional committee to tell about innovative programs. I appreciate this opportunity. I will read from the record I have given you. I won't digress from it, but there are a lot of things I would like to say. Perhaps you are not interested in it, and perhaps you might ask some other questions that I will be very glad to answer.

In re: innovative school lunch ideas, school food service has been variously described as, No. 1, "Considered by many knowledgeable people to be the best in the country." This was said by Mike Wallace on "60 Minutes," CBS, 1978. Another statement about it was made, "Best school lunch in the U.S.A." in the PTA Magazine, 1974.

In 1970, Milwaukee was chosen as the recipient of the Gold Plate Award as the "Best Food Service Operation" in America. This includes universities, elementary and secondary schools, hospitals, hotels, private restaurants and so forth. We do not say we are the best. I am just quoting what other people are saying.

The school food service program in Milwaukee can be identified by these characteristics. There are 11: First, we have all federally required meal patterns. That used to be called the type A lunch program, all hot food, no box lunches, served in all schools. This was accomplished 10 years ago. This was the first major city to have type A school lunches in all schools.

No. 2, menus tailored to the students' tastes. This is done by an elected—and that is an important thing—an elected 68-member Student Council School Lunch Committee, meeting 8 to 10 times a year in regularly scheduled workshops. These are not gripe sessions. This is now in its 16th year. Food and nutrition service has been trying to get this going over the last year in the country.

Equally important, I would say, with menus tailored to the students' tastes is something hardly ever spoken about, rapid food service. We hear a lot about fast food, fast food. Milwaukee has the fastest food in the West, high quality, attractive. Nutritious food is not sufficient. Students won't wait in line. For 15 years in our school system new and remodeled schools have been incorporating a system of serving hot, home-cooked meals fresh out of the ovens at a speed of 40 meals a minute.

Students are served as fast as they can walk through.

No. 3: In our school food service system we have no junk food or vending machines. Now, food and nutrition service has been crayfishing and threatening to put this through nationally and promising to do something about this for a number of years, and finally backed out of it.

I would like to read to you the school board rule, which was put through in Milwaukee. It is the strongest in the country: "No food or beverage of any kind except type A school lunch and milk is to be sold to students between 8 a.m. and 3:30 p.m."

Now, this rule is 3 years old; no other major city has tried it; no pop, no candy, no sweet cakes. I will tell you this: There are no complaints from the students either; but it would be insane to go in just putting bans on things unless you have a lunch program which has been tailored to what the students want.

No. 4, one menu for all; no exceptions; no special meals for teachers or administrators. Each day is a completely different meal with dessert. Variety is built into program participation.

I would like to enlarge on that for just a moment. I say to some people, "We have one menu in our whole school system." They say, "We have that, too." I say, "What about your high schools?" "Oh, no; we don't do that in the high schools. That is all a la carte." I say, "Rubbish." In my home some years back we had a daughter in college and another daughter in high school, a son in elementary school. We all ate the same food. I ate it with them. The thing about nationality tastes and ethnic foods, that is so much hokum; nothing could be more false than that.

I come from an Irish family, raised on boiled potatoes. I eat sauerkraut; I love it; it does not make me a German. I eat fried fish; it does not make me a southerner. I eat cornbread; that does not make me a black. This stuff about ethnic food disgusts me. It is propagated by people who know nothing about food or, more importantly, know nothing about students and children.

No. 5, food for the elderly. All schools are open in our city to senior citizens, and I say all schools. The elderly are welcomed into the schools because this place has balanced meals within a 3-block walking distance of 98 percent of the citizens. Now, this runs counter to the center idea, which requires transportation. Many of your elderly have lost their driver's license, can't afford it, can't buy cars, can't afford gas and anything else. We have the same meals for children as we do for adults.

This is in its ninth year. I read so much stuff coming out of the food and nutrition service about how we should do these things. Sixteen years with student-planned menus, 9 years with the elderly lunch program in every single school. I would like to tell you something about this: A lot of people say, "Oh, you have to plan special menus." You don't. We don't have hamburgers and hot dogs in our school lunch. We have foods which people eat normally and naturally, and it is acceptable to adults, and adults love the food. You don't have to do something more for adults than you do for children. This is the one thing, one menu for all. We don't have higher priced menus for those who can pay a la carte. We don't have menus for rich kids. We have one philosophy in Milwaukee: If the menu is not good enough for a rich kid, it is not good enough for a poor kid either. That is the same menu our elderly citizens have. It has made a tremendous difference in our schools, the way the elderly people can handle kids, especially the so-called bad acting teenager. The teenager and the grandparents get along beautifully; they get along better than with teachers.

Food nutrition has been taking advice from the wrong source.

No. 6, we have onsite food preparation. This is the method to produce the highest quality food at the lowest cost, both to the students and to the community. Onsite food preparation equipment is not only less expensive to install but less costly to maintain and is most responsive to the community needs and changing conditions, and the conditions are changing year by year, responsive to the community needs on site.

We had trucked-in food, shipped-out food, receiving kitchens for years. In the 22 years I was with food in Milwaukee, ending October 1 when I retired, it was a constant struggle to get rid of shipped-out foods and receiving kitchens and replace them with onsite food preparation centers.

No. 7, nutrition education, has been in effect with student-planned menus for 16 years. We have had another more recent program in elementary schools for the last 2 years. This year, the project is also in kindergarten for students and parents.

No. 8, we differ from many school systems in this, administrative internship in school food-service management. This is the only postcollege training program approved by the American Dietetic Association. We have graduates in 18 States, administering school lunch at district and State levels. It is entirely supported by Milwaukee, with no aid from the Federal Government. We asked for it and were refused.

A recent national study showed that the cost of duplicating our program of training food-service administrators would cost $350,000. This is now in its 10th year in our city of Milwaukee. We are not training for our city; we are training for the Nation, with the old idea of seed. You train leaders; you just don't concentrate on training cooks, because if you train good leaders they will carry the word and they will train administrators and cooks and managers all the way down the line.

Basically, this is what has been missing in America.

No. 9, professional staff: In Milwaukee we have all professionally trained and degreed people in food and nutrition. Backgrounds are very diversified; they come from such places as Eastman Kodak, a variety of hospitals, hotel chains, places for the elderly, universities, the Armed Forces. Minimum requirements for getting a job in Milwaukee are professional rating of registered dietician. You can go on beyond that.

No. 10, financial stability. It is easy to paint pictures of all the great things that can be done, but everyone should recognize that this takes money. This program of high quality food service prepared on site has consistently paid its way with one of the lowest priced meals in the United States, in spite of being in the high wage industrial section of the country. Our food service meals in Milwaukee, one meal for the entire city, of 40 cents for elementary and 45 cents in the secondary, I have been asked, what does it cost us? We don't have any deficit left over for the school board to pay.

No. 11, control, is vested directly in the hands of the food service director and the professional department staff who have retained the authority as well as the responsibility to make things go. I would say that in general throughout the country, food service directors are hamstrung either by administrative rules of school boards which give them responsibility without control, or rules from the Federal Government which take away their freedom of action.

I have some recommendations that I would like to give:

I would say the primary need in America is a restructuring of the leadership and control functions at the national, regional, and

State levels. "There are no national goals after 33 years." This statement was made by the Federal Government GAO. No goals after one-third of a century.

My second recommendation is that there must be professional training and tight requirements for all decisionmakers in the food and nutrition service. It is inconceivable that after one-third of a century the head of Food and Nutrition Service in Washington is neither a professional in the food field or qualified in the technical area of nutrition—this is a very technical field—also unqualified as an administrator of any school food service program. Sad to say, this has been an established pattern for all the time I have been in school lunch, lack of training at the top, lack of professional ability, lack of administrative know-how and failure to ever have run a school lunch program on the local district level.

No. 3, food waste. I have a recommendation here. The largest single cause of food waste is the unrestrained use of substandard food purchases by the U.S. Department of Agriculture. From an educational program in many years past, to teach food acceptance, the national school lunch program has become a dumping ground for not only substandard food but also food so bad it could not be sold on the open commercial market at any price.

Why do we continue with this insanity of purchasing between $100 million and $200 million a year of food that is inappropriate to our needs and totally unacceptable to students? Much of the food from the U.S. Department of Agriculture is—and I quote, as a food technologist: "USDA grade substandard." They say they don't have that grade anymore. It used to be called crepe label. The stuff we get has all the information of crepe labeling but they have taken off some of the warnings; but it falls below any standard. They have cute names such as Procurement No. 1, procurement No. 2. The kids won't eat it. We don't serve it in our school system.

Some food from the USDA is exceptionally good, which proves they can do the job; but some is incredibly bad. My question is: Why can't it all be good? Why can't they not use their own grade standards? This is inexcusable. This is basic.

We are constantly being hit on the head by inspectors from Washington, looking for food waste, people who know nothing about food. The greatest source of waste is the bad food we get from the Federal Government, warehouses full of it that you can't use.

No. 4 recommendation: Stop the continuing biannual harassment by management and technical assistance and AIMS teams. AIMS is the new name for it, composed of emotional misfits untrained in the technical aspects of food and unfamiliar or unsuccessful in past management positions.

The adversarial position of the Federal Food and Nutrition Service toward local districts is a shameful disgrace brought about by a lack of professional, knowledgeable control in Washington, D.C.

There is no continuity of thought in the Federal Food and Nutrition Service Office. Control changes from month to month and even day by day. We are firmly anchored to a floating object going downstream and, boy, I mean that.

The stated will of Congress in regard to national school lunch is constantly being thwarted by "interpretation" by Food and Nutrition Service. Senseless rules are enforced one year and forgotten the next. Rules which never should have been issued in the first place are amended, rescinded, revoked, or quietly forgotten after causing untold harm at the local level. Lack of training, thought or judgment is the hallmark of the Federal Food and Nutrition Service.

What we need in this country is a professionally qualified national food and nutrition service leader with successful school lunch administration at a district level; however, that person must also have guts and be goal oriented.

School lunch succeeds at the local level in spite of the National Office and that situation must change.

Thank you. I will answer any questions you might have.

Chairman **Perkins**. We have several questions. We want to thank you for your excellent testimony.

In order to expedite the time, we want to hear from the entire panel first.

STATEMENT OF LEN FREDRICK, PAST DIRECTOR FOR SCHOOL FOOD SERVICES, LAS VEGAS, NEV.

Chairman **Perkins**. Our next witness is Mr. Len Fredrick, from Las Vegas.

Mr. **Fredrick**. I am grateful to Hon. Carl D. Perkins for inviting me here today to testify to this committee on the subject of innovative school lunches. As I see it, the great controversy in nutrition today is the conventional school lunch versus the fast food school lunch.

What is fast food anyway? It is good, wholesome, nutritious food that is usually eaten out of hand. It is served superfast and usually at a very reasonable price. It is as simple as that.

I have titled my presentation, "Fast Food Gets an 'A' in School Lunch," and in it I will answer the following questions: One, can food waste be eliminated in school lunch programs? Two, can school lunch participation be doubled or even trebled? Three, can school lunch programs be self-supporting and even profitable? Four, can fast food school lunches be as nutritious as conventional school lunches?

I hope to prove to you that the answer to all these questions can be "Yes" with the innovative "Frederick Fast Food Combos."

Fast food chains spend over one-fourth of a billion dollars on advertising every year. The advertising is aimed at chilren, teenagers, and young adults, and in the process, like it or not, they have revolutionized a nation's eating habits. They created a demand not simply for a type of food but also for a style of eating, and that spells "fast food" in anybody's language.

With "Big Macs," tacos, pizza, french fries, and shakes sizzling in every teenager's head, how are you ever going to interest them in meatloaf, mashed potatoes, and green beans? When students of today move into junior high and high school, they are no longer turned on by the conventional plate-of-the-day school lunch program. They want to choose the food they eat, just as they choose their friends, their clothes, and their activities. "Hey, man, that type A lunch is not for me. I'm a today person," says the average young adult. You are not going to get space-age teenagers to eat a horse-and-buggy lunch.

The other day I saw a cartoon in our local paper that portrays the low esteem the younger generation has for the conventional school lunch. The cartoon shows a boy and a girl on their way to school. The boy said, "I hear the government has been conducting experiments in the school cafeteria. They've been feeding laboratory rats our school lunches." The girl asks, "What have they found out?" And the boy replies, "Ninety-seven percent of the rats have started bringing their own lunches."

Dr. Haward Appledorf, associate professor at the University of Florida Institute of Food and Agriculture Sciences, is also an official science lecturer for the Institute of Food Technologist. He is a believer in the nutritional value of fast food and has been bringing this message home from coast to coast. In a letter to me from Dr. Appledorf he wrote: "I recently addressed the California School Food Service Association in San Diego, and echoed your sentiments. I suggested they follow your lead and replace wasted type A meals with more relevant meals, from tacos to burgers. I make my statements on the basis of 8 years of compositional food studies of the nutritional value of fast foods done at the University of Florida."

There is an article in the October 1978, issue of People magazine about Dr. Gilbert A. Leveille, chairman of the department of food science and human nutrition at Michigan State University and head of the 63,000-member national nutrition consortium of professionals in his field. Dr. Leveille says, "There is no such thing as junk food. There are no good or bad foods. It is the combination that counts in nutrition. A hamburger and milkshake provide a good array of nutrients, everything except vitamin C."

Remember that with our Big Nevadan Combo, students not only get a delicious hamburger and a low cholesterol milkshake, but they also get an order of vitamin-C-enriched french fries. What a superb combination for good nutrition, according to Dr. Leveille. That is just what we have with the combo, a balanced combination of nutritious food that students will eat.

A few months ago I received the following letter from Dr. Leveille: "Thank you for your letter of March 15 and the enclosed materials. As you may well have guessed from my earlier comments regarding junk food, I am not in agreement with the current proposals regarding school feeding programs. I feel it is important, as you obviously do, to recognize what appeals to the palate of people, including schoolchildren, and to attempt to build adequate nutrition into foods that will be consumed. Your efforts in this direction are certainly commendable and will benefit all of us concerned about the feeding of children. Keep up the good work. Sincerely yours, Gilbert A. Leveille."

You may be surprised at who else is on the side of fast food. Fasten your seatbelts when I read this. Remember when HEW blasted the school lunch program for its low participation, poor food, excessive waste, et cetera? This is from an article in the American Education magazine which is put out by the U.S. Department of Health, Education, and Welfare, Office of Education, the June 1978, issue. The title is "Good Shake in Vegas."

"Two tacos, french fries, and a shake," orders a student in a high school cafeteria line, and the order is speedily filled. Is that any way for a school to nourish a

> growing youngster?" Then I thought the hatchet would come down on me. It didn't. I say, "You bet your burger it is, when it's served in the Las Vegas, Nev., school cafeterias." The tacos, cheeseburgers, pizzas, and milkshakes have been slyly fortified with wheat germ, nonfat milk and egg solids, iron, and vitamin C to conform to Government specifications for the type A school lunch. And while nutrients have been added, some of the saturated fats have been subtracted. With such a treatment, a combo lunch, say, a cheeseburger, french fries or salad, and a shake, more than meets USDA requirements. Frederick worked a miracle by following one cardinal trade motto: Give 'em what they want. He also gave them what was good for them.

There you have it: An unpaid, unsolicited testimonial from HEW, praising our fast-food combos.

Nationally known nutritionist Dr. Jean Mayer, Family Health magazine's nutrition expert, says, "Fast foods have gained an undeserved reputation as junk foods. The standard ingredients of most fast-food meals are excellent."

Another famous nutritionist, Dr. Fredrick Stare of Harvard University's prestigious School of Nutrition, wrote me that "Much of the criticism of fast food comes from pseudonutritionists who speak mostly nutritional nonsense. Fast food is not junk food; to the contrary, it can be very nutritious."

I must confess at this point that I am only a retired business administrator. When just 48 years old I sold out my interest in the Hughes Super Market Corp. of southern California and went fishing full time. You can get too much of even a good thing, so at the young age of 57 I decided to start a new career as food service director of the school district in Las Vegas. Having no experience in school food service at first appeared to be a handicap, but later it turned out to be a blessing in disguise, for I was able to view the situation from a new perspective and implement innovative ideas to accomplish the main purpose of the school lunch program: to get more students to eat a nutritious and healthful lunch. I would like to share with you my ideas on how this can be accomplished.

After surveys were conducted to see what the students were going off campus to buy, and after much consideration, we made an agonizing decision to discontinue the conventional type A plate and go to fast food in all of our junior and senior high school cafeterias, realizing, of course, that we also had an obligation to serve a nutritious lunch, a lunch that would meet all the requirements of a type A lunch, thus providing students with one-third of their nutritional needs for the day according to the USDA Food and Nutrition Service guidelines.

We created our own version of McDonald's Big Mac hamburger, Pizza Hut's pizza, Taco Bell's taco, Arby's hot roast beef sandwich and so on. The students wanted milkshakes, so we developed the now-famous Len Fredrick "Super Shake" that was recognized in Nevada as a type A beverage because it can replace the conventional one-half pint of milk in a school lunch—a first for the Nation.

The students also wanted french fries, so Basic American developed french fries that can be deep fried and still, after cooking, each serving will contain 20 milligrams of vitamin C which meets the type A requirements for this vitamin—another first for the Nation. That is two firsts in the 30-year history of the school lunch program.

The innovative way we make our shakes, fries, and other fast foods is the reason we received the award from the Nevada Heart Association for outstanding achievement in dietary planning of school lunches, and reducing the cholesterol count in food lunches, and this, gentlemen, was done with fast food.

Here are some facts that seem unreal: The Super Shake has up to one-third more protein, vitamins, and minerals than a glass of whole milk and yet the Super Shake actually has less cholesterol than is found in a glass of whole milk.

Our Super Shake has no ice cream; it is made from fresh, grade A milk with added grade A nonfat milk solids, sugars, flavorings, stabilizer, vitamin A palmitate, and vitamin D3. We use a stabilizer to give the smooth, rich, velvety texture of ice cream to our shake. The stabilizer in our milkshake is derived from kelp.

I had some of the nutritionists jump me for putting an additive into our milkshake. This is what our additive is: It is kelp. What is kelp? Kelp is a seaweed, a health food. In mineral content, seaweed outstrips virtually anything growing. It has traces of 50 or more minerals.

Now let's look at our fries: Ordinary french fries are cut from raw potatoes and then fried for up to 4 minutes in a highly saturated, hydrogenated cooking oil because raw potatoes give off much moisture that will break down nonhydrogenated oil. Our french fries are completely different and just as good, if not better tasting, because they don't leave a greasy aftertaste.

Basic American Food Co., which makes our "Farm Fries," takes ordinary potato flakes or granules to which water is added for mashed potatoes and from this dehydrated product they add water and vitamin C—ascorbic acid—and a binder. The binder is nonfat milk solid.

This mixture is then extruded from a machine and the finished product has the shape and appearance of regular french fries. Because the Farm Fries are already cooked, we have to fry them for only 60 seconds in pure liquid soy oil, high in polyunsaturated fats and absolutely no cholesterol.

An order of our vitamin C-enriched french fries, cooked according to our instructions, actually has more vitamin C and less cholesterol than a serving of mashed potatoes with a pat of butter, which is almost a standard part of every conventional type A school lunch.

Fast food must look like, smell like, and taste like the commercial products presently being sold off campus. Teenagers will just not accept phony tasting, so-called health foods; they want the real thing.

Please look at our fast-food school lunch menu which is attached—the long yellow sheet. (Retained in subcommittee files.) We made up this menu of 16 different combos that give our teenagers full freedom of choice, the freedom to choose to eat any of the fast food that they could possibly buy at any of the commercial fast-food outlets anywhere in the city.

Then we said, "Move over, McDonald's; move over, Taco Bell; move over, Pizza Hut; move over, Arby's; move over, Kentucky Colonel; and here we come." High school teenagers who normally wouldn't be caught dead eating a conventional type A plate are eating our school fast-food combos as though they were going out of style. Food waste is a thing of the past when students are served fast food; 16 lunches are served every day. You don't even get a menu like that in a commercial restaurant, gentlemen. McDonald's said they couldn't handle 16. Burger King said they couldn't. We handle 16. We handle it with women and children and two-thirds of our help are students 13 to 17 years old.

With the introduction of this menu and the fast-food combos, our school lunch program has gone from red figures to a cool $3 million in the black, even though we have not raised our school lunch and breakfast prices in the last 3 years.

Please refer to the 8-year financial earnings and growth patterns chart which is attachment A. Look in the middle of the page, at the column on the left with the heading, "Type A Lunches Only." You will see that participation in type A school lunches increased from 1 million in 1970-71 to 7 million in 1978-79—a fantastic 600-percent increase, and with only a 20-percent increase in enrollment, a feat never before heard of or even dreamed of in the 30-year history of the school lunch program.

Also look above at the upper middle of the page, where it shows that our school lunch program is now $3 million in the black, even though we haven't raised our school lunch or breakfast prices in the last 3 years. Breakfast is as low as 25 cents in both elementary and secondary schools, and elementary school type A lunches are 50 cents; secondary school lunches complete with milkshakes are from 60 cents to 80 cents.

People tend to think that a lunch composed of fast foods such as burgers, pizza, or tacos, with french fries and shakes is excessively high in fats and low in protein. To the contrary, according to lab tests and Government food charts, our fast-food combos—even with the super shake and french fries—actually have 30 percent more protein calories and 15 percent less fat calories than the conventional meal.

Please refer now to attachment B, which is titled, "Combos—Calories and Percentages." In the "Protein" column on the left, look toward the bottom of the page. You will see that 16.6 percent of the calories in the average combo are protein calories, whereas, in the average conventional meal only 12 percent of the calories are protein calories.

In the next column to the right, headed "Fat," you will see that 43 percent of the calories in a conventional meal are fat calories, whereas, in the combos only 38.2 percent of the calories are fat calories. Our fast-food combos, even with super shakes and french fries, have 30 percent more protein calories and 15 percent less fat calories than the average conventional school lunch.

Following is an excerpt from a nationally syndicated article by Associated Press, datelined Washington, D.C., February 10, 1979:

> The Chairman of the Senate Nutrition Subcommittee yesterday said that on the whole fast food, despite its reputation to the contrary, is not junk food. "The image of fast food is that it has little or no nutritional value," Senator George McGovern said. "I think that is an unfair rap. On the whole, fast foods are a nutritious addition to a balanced diet."

The health of our students is very important to us. Last year we began a program of installing self-service salad bars in all of our high schools. They are very popular with both the boys and the girls. On the salad bar we offer 10 or more vegetables, half of them raw, plus 4 protein items and also low-fat milk or fruit juice and crackers. Our salad bars are very successful and, remember, if we didn't keep our students on campus by giving them the foods they like, they simply wouldn't be around at noon to try the salad bar; they would be off campus at your fast-food places.

Over 1,200 people from school districts in all 50 States and also from Canada, Japan, Mexico, Switzerland, and England have made inquiries either by phone, by letter or in person about our fast-food combo program that has been so successful in our school cafeterias in Las Vegas. Here are some excerpts from a letter that I received from the U. S. General Accounting Office—GAO:

> We are planning to assess the various alternative and innovative school-lunch programs, of which yours is one of the most well known, during the next school year * * *. In this connection, we would very much appreciate the opportunity to take advantage of the information in your book, "Fast Food Gets an 'A' in School Lunch," which contains valuable background on fast-food lunch programs. Sincerely yours, B. E. Birkle, Deputy Director.

I have a copy of my book with me, if any of you would like to see it. Any of you who would like it can have it. Many U.S. Senators and Congressmen have my book and they have been very generous with their commendations of our fast-food combo school lunch program.

Senator McGovern received the book and he said, "Dear Len, I give you an A plus." I am a Republican and I still treasure that letter.

Our combos are priced at less than half the price students would have to pay for similar foods at offcampus fast-food restaurants. Students know this and appreciate it. Take No. 8 combo on the menu, a student gets a jumbo deluxe hamburger plus a large 14-ounce serving of our famous super shake, and also a generous serving of our super french fries, and all this for only 75 cents. This food would cost a student at least $2 off campus, at even the most competitive fast-food restaurant, such as McDonald's.

Remember, gentlemen, with these prices we still have that embarrassingly large surplus of $3 million. Maybe that is why the GAO has been coming out to our place.

Up to 90 percent of our all day students in all of our junior and senior high schools patronize our school luncheterias. Our principals verify that truancy has decreased substantially because of the fast-food combo lunches. Very few kids leave campus at noon anymore. They used to leave and then forget to return for their afternoon classes. Score another point for fast-food combos; they help to improve the education of the now generation.

We serve only the foods our students want to eat. When sales lag on a particular combo, it is replaced with a new one that students have voiced a preference for through their student councils. We view students not as a captive audience that has to take what we decide to give them but, rather, as customers whose wants we cater to, just as any successful businessman would do. Remember, I am not a school food service operator; I am a retired business administrator who took this over to help them with a program in which they needed help.

Our fast-food combo program is so innovative and revolutionary you must see it to believe it. We extend an open invitation to everyone here to visit our schools. We want you to inspect the empty trash cans in our secondary schools. We want you to see the thundering herd of teenagers as they come en masse to our cafeterias to buy fast-food combos.

There are approximately 28 million students in the United States eating a school lunch every day. About 65 percent, or 18 million, of these students are in grades 1 through 6, but only about 10 million are in grades 7 through 12. Simple arithmetic shows us that about 8 million secondary students have dropped out of the school lunch program. This is why we zeroed in on our secondary schools first. If more schools served the popular fast-food combos, these 8 million teenage school lunch dropouts could be brought back to their school cafeterias for a nutritious lunch.

By the way, may I insert this? The great percentage of the commodities we receive from the FNS are excellent commodities, gentlemen. Nobody is perfect. Also, I have received excellent cooperation from the Food and Nutrition Service. The only thing I have run into trouble with is when I broke some of their rules. Naturally, they got mad at me. I showed them by breaking the rules it was helping the school lunch program. When they told me I did not have a good milkshake, I showed them it was more nutritious. Then they came out with a bulletin, "It is the best thing since."

When I showed them the french fries had vitamin C and less cholesterol, they bought 180 million pounds last year.

I hope that I have been able to convince you that fast food is nutritious food and that fast food and the now generation are as inseparable as government and taxes.

Chairman PERKINS. Thank you for some excellent testimony.

[Attachments to prepared statement of Len Fredrick follow:]

CLARK COUNTY SCHOOL DISTRICT FOODSERVICE DEPARTMENT
4499 South Arville Street, Las Vegas, NV 89103

8-YEAR FINANCIAL EARNINGS AND GROWTH PATTERNS CHART

At the close of the school year on June 30, 1972, the Clark County School District Foodservice Department was in the red. During the next seven years, with the introduction of fast food (the Combo with the Super Shake) in our secondary schools and the "Special Today" lunches in our satellite elementary schools, the financial status of our foodservice department turned around a full 180 degrees to the plus side of the ledger. Over these last eight years, we have spent approximately 1.6 million dollars out of foodservice earnings on items like new kitchen equipment and trucks, giving us some of the most modern and efficiently operated school cafeterias in the country. Our net profit balance, not including fixture expenditures, on December 31, 1978, was approximately 1.4 million dollars.

Financial Earnings of CCSD Foodservice Department
July 1, 1972 through December 31, 1978

Expenditures out of earnings on fixtures, etc.	$1.6 Million
Net balance (cash plus inventory)	1.4 Million
Foodservice Total Earnings	$3.0 Million

The following chart reveals actual numbers and types of meals prepared, reimbursement and total dollar volume from the 1970-71 school year through the 1977-78 school year plus projections for the 1978-79 school year.

Year	Type A Lunches Only	A La Carte Lunches Only	All Breakfasts Served	Federal Reimbursement	Total Dollar Volume
1970-71	1,023,000	2,545,000	0	$ 257,000	$1,784,000
1971-72	1,972,000	2,064,000	0	$ 550,000	$2,097,000
1972-73	2,274,000	2,172,000	0	$ 638,000	$2,555,000
1973-74	2,906,000	2,223,000	137,500	$ 821,000	$3,346,000
1974-75	4,094,000	2,156,000	792,000	$1,533,000	$4,450,000
1975-76	5,085,000	1,750,000	1,600,000	$2,040,000	$5,235,000
1976-77	5,950,000	1,450,000	1,800,000	$2,400,000	$6,400,000
1977-78	6,300,000	1,850,000	1,950,000	$2,830,000	$6,920,000
1978-79*	7,000,000	1,995,000	2,100,000	$2,950,000	$7,800,000

*Projected

ATTACHMENT A

CLARK COUNTY SCHOOL DISTRICT FOODSERVICE DEPARTMENT
4499 South Arville Street, Las Vegas, Nevada 89103

NUTRITIONAL INFORMATION ABOUT FAST FOOD "COMBOS"

A Combo is a fast food Type A school lunch meeting or exceeding the nutritional requirements of a balanced meal according to the USDA FNS. Combos have no desserts. The Super Shake might be considered a dessert and if so, a student consumes a glass of milk when this dessert is eaten.

COMBOS - CALORIES AND PERCENTAGES

In the following calorie totals and percentages, all Combos include the Super Shake and french fries.

Item	Protein		Fat		Carbohydrates		Total	
	Calories	Percent	Calories	Percent	Calories	Percent	Calories	Percent
Taco Combo (Two Deluxe Combos) *One taco with shake and fries = 760c	162c	16.2%	393c	39.3%	445c	44.5%	1,000c*	100%
Big Virginian Combo (Hot Ham & Cheese on a Sesame Bun)	163c	18%	316c	36%	404c	46%	883c	100%
Pizza Combo (1/3 of a 12" Pizza)	144c	15%	377c	39.1%	441c	45.9%	962c	100%
Big Nevad'n Combo (Deluxe Hamburger with all the trimmings)	148c	16.9%	336c	38.4%	391c	44.7%	875c	100%
Combo Average	154c	16.6%**	355c	38.2%**	420c	45.2%	930c	100%
Conventional Meal National Average	108c	12%**	387c	43%**	405c	45%	900c	100%

If a student were to exercise the option that is available with every Combo and choose the 1/2 pint of low fat milk in place of the Super Shake, and the tossed green salad with tomatoes and dressing in place of the french fries, the total calorie count of each Combo would be reduced by 245 calories.

Example: Big Nevad'n Combo with Shake and Fries = 875 calories
Big Nevad'n Combo with Low Fat Milk and Salad = 630 calories

**With a salad and low fat milk, the Fredrick Fast Food Combos can be a dieter's delight. The Combos, even with Super Shakes and french fries, have 30% more protein calories and 15% less fat calories than the average conventional meal.

Information computed from laboratory test data, manufacturers' food wrappers, and U. S. Department of Agriculture Handbook #456, Nutritive Value of American Foods.

ATTACHMENT B

STATEMENT OF ELIZABETH CAGAN, DIRECTOR OF SCHOOL FOOD SERVICES, LONG ISLAND CITY, N.Y., ACCOMPANIED BY MELVIN TAYLOR, PRINCIPAL, BENJAMIN FRANKLIN HIGH SCHOOL; AND ERIC DRIVER, STUDENT PRESIDENT, BENJAMIN FRANKLIN HIGH SCHOOL, LONG ISLAND CITY, N.Y.

STATEMENT OF ELIZABETH CAGAN, DIRECTOR OF SCHOOL FOOD SERVICES, LONG ISLAND CITY, N.Y.

Chairman PERKINS. Our next witness is Elizabeth Cagan, director of school food services, Long Island City, N.Y. We are delighted to hear from you.

Ms. CAGAN. Mr. Chairman and honorable members of the subcommittee, my name is Elizabeth Cagan. I am the chief administrator of the Office of School Food Services for the New York City Board of Education. My function and responsibility encompasses the overall administration and supervision of more than 1,200 feeding sites, about 10,000 employees, a budget that totals more than $100 million and a food service program that provides approximately 98,000 breakfasts and 550,000 lunches on any given day to eligible children.

In addition, we have 12 unions within the operation of the 10,000 employees.

I want to take this opportunity to thank you, Mr. Chairman and honorable members of the subcommittee for affording me, Mr. Melvin Taylor, principal, Benjamin Franklin High School, Mr. Gene Brown, assistant principal assigned as coordinator of the energy factor program at Benjamin Franklin High School, and Eric Driver, student president, Benjamin Franklin High School energy factor program, to speak on what we believe to be a most innovative school lunch program.

The energy factor is a unique concept for a school lunch program employing a method of service which appeals to high school students. While the main reason for instituting the energy factor was to upgrade and improve the school food program, the benefits go far beyond the lunchroom. The energy factor has become a catalyst for turning the school around.

Because the emphasis was placed on student involvement in everything from menu planning to the color of lunchroom furniture, a spirit evolved, a commitment and a dedication. The energy factory became a learning laboratory and students and staff worked as a team. This kind of participation by students in determining the nature of the food service program made it the success it is.

The program has become an integral part of the school's total educational program. The essential ingredient is that the program is operated by and for the students, that is, a student advisory council that recommends decorative, structural changes, daily menus, and food selection. There are few adults in the program's operation; the students organize, administer, and are responsible for the implementation of the energy factory program.

To give you a brief historical background, the energy factory program was an outgrowth of a joint effort sponsored by district council 37, local 372 and the New York City Board of Education.

In October 1977, the New York City Board of Education agreed to support the energy factory as a pilot project in three New York City schools. The first energy factory opened in April 1978, at the John Dewey High School in the Coney Island section of Brooklyn, N.Y. The John Dewey High School has a highly motivated student body. The students actively participated in and were directly involved with the dining area design and the renovations that were necessary. Meetings with staff were coordinated with the student's independent study program at the school.

To give balance to our energy factor program, the second school selected was Benjamin Franklin High School in the East Harlem section of Manhattan. This poverty area has a high incidence of crime, drugs, and all other ramifications of urban ills.

I am providing you with this background information to indicate to you that the two schools represent a sharp contrast of the student population to be served; the first school student body highly motivated, the second a very low-motivated group of teenagers. Naturally, each had to be uniquely suited to its situation.

The third school in which we are going to open an energy factory is situated in the south Bronx. I don't have to tell you gentlemen about the blight in that area, because what we have discovered happening at Benjamin Franklin High School has made us realize that this might be the answer to solving a lot of the ills for the youngsters who are growing up in the Harlems and the Brownsvilles and the south Bronxes.

The energy factory is just one of several food projects that we currently have in operation. In conjunction with the energy factory, the Benjamin Franklin High School was awarded a grant from the nutrition education and training program, through USDA, to integrate nutrition education with the energy factory. This is being done in the following manner:

The establishment of a nutrition education class which meets daily. The class is assisting in developing a survey to determine the choices and frequency of food eaten by students in the energy factory. We have three types of service at our energy factory. When we made a survey of the student body at Dewey and Benjamin Franklin, we found there were some students who do want the traditional hot type A. There were some that liked the idea of the fast-food service.

Of course, we introduced the salad bar and we take great pride that they immediately went bananas over the idea of selecting their own nutritious-type meal through all of the components in the salad bar. Therefore, what we are doing now is making an evaluation with the cooperation of the school food law project by following the actual students daily in what they select, that there is no such thing as a child going day after day after day to stand on the fast-food line where the service is; they get the same food in the other sections if they want it; and to show that they are now going from the salad bar to the traditional and occasionally will pick up a pizza item at the fast-food line.

It is interesting to note when the students first come in that this is something new to them; there is a great rush toward the fast-food line. When they are in the school 1 month or 6 weeks, they are floating back and forth, deciding what it is that they would like to have that day, and there is a tremendous variety. We take great pride in the development of the energy factory concept, that we began to develop some new food products, because we could not separate the idea of good nutrition and good food products.

So we take very great pride in having developed a whole wheat hamburger sesame bun, which is a popular item. We also have developed the whole wheat pizza shell, which is absolutely delicious. Every food item that is on the menus at these schools, and, of course, at others, we do the same thing, the students will modify the product to their own taste, whether they want more cheese or tomato on the top, tomato underneath, or whether they want gravy on their turkey. That is the only concession I will make toward working with what children want, because it does not make any difference to me. For example, we could have 1,200 different menus in New York City on any particular day because we also have implemented the part of the law about the inclusion of very active student committees in these schools.

These menu items don't vary but they might have them on different days. It can be a good program on a different day in different parts of the country within the parameters of the laws and the regulations.

Now, this class that we are talking about, which is now going on in conjunction with the energy factory, is assisting in developing an agriculture survey to determine the choices and frequency of food eaten by students in the energy factory. The class is being taught basic nutrition education. They will research the difference between the food served in commercial fast-food restaurants and that served in the energy factory in terms of nutrition, quality and cost.

This information, along with other nutrition information, will be disseminated to all the students at Franklin by means of student-made materials and personal communication at a nutrition information kiosk located in the cafeteria run by the students. The students will also produce posters, create slogans to be printed on hamburger wrappers and milkshake cups, and generally act as nutrition spokespeople.

It is important to note that none of the food served is different from that which is served in all of our other schools; however, the merchandising is different. The outstanding donated commodities program which we have in New York State helps make available to New York City only those foods which we utilize in our programs. This, of course, helps to keep the cost down and provides a rich variety of menu items.

Words alone cannot adequately describe the success of our program, its impact on the student body, the staff and the school's educational program. We are recieving a maximum return with only a minimum investment.

We have had visitors to our energy factory program from Sweden, the Netherlands, and Japan, as well as from many States. As recently as 2 months ago we were indeed fortunate to have members of the subcommittees' congressional staffs visit. We were particularly pleased to have received their most laudatory comments.

Only by making an onsite visit to our energy factory can one really observe and appreciate the positive impact the program has on the schools' educational climate and, more particularly, on the lives of the students and their families.

I would like to extend an invitation to all of you to visit our energy factory program.

We have just laid the foundation of our energy factory and look forward to having another opportunity—if you don't want to hear it today, some future date—to share with you our many other innovative practices in our school food program.

Before I ask Mr. Taylor to tell you how this has affected his program, I would like to state that we are aware that the subcommittee will be examining all the child feeding programs during the next session of Congress. I want to express our deep appreciation for your recognition of the importance of nutrition education and sincerely hope that the new legislation introduced next year will further improve our feeding services, as well as integrating nutrition education into our total education program.

I also would like to recommend your support for a comprehensive omnibus feeding bill that will consolidate all feeding programs into a more viable and manageable unit, one that will reduce the mass of paperwork and ameliorate administrative burdens.

[Prepared statement of Elizabeth Cagan follows:]

PREPARED STATEMENT OF ELIZABETH CAGAN, DIRECTOR, SCHOOL FOOD SERVICES, LONG ISLAND CITY, N.Y.

Mr. Chairman, Honorable Members of the Subcommittee on Elementary, Secondary and Vocational Education, my name is Elizabeth Cagan. I am the Chief Administrator of the Office of School Food Services for the New York City Board of Education. My function and responsibility encompasses the overall administration and supervision of more than 1,200 feeding sites, about 10,000 employees, a budget that totals more than $100 million, and a Food Service Program that provides approximately 98,000 breakfasts and 550,000 lunches on any given day to eligible children.

I want to take this opportunity to thank you Mr. Chairman and the Honorable Members of the Subcommittee for affording me, Mr. Melvin Taylor, Principal, Benjamin Franklin High School, Mr. Gene Brown, Assistant Principal assigned as coordinator of the Energy Factory Program at Benjamin Franklin High School and Eric Driver, Student President, Benjamin Franklin High School Energy Factory Program to speak on what we believe to be a most innovative school lunch program.

The Energy Factory is a unique concept for a school lunch program employing a method of service which appeals to high school students. While the main reason for instituting the Energy Factory was to upgrade and improve the school food program, the benefits go far beyond the lunchroom. The Energy Factory has become a catalyst for "turning the school around". Because the emphasis was placed on student involvement in everything from menu planning to the color of lunchroom furniture, a spirit evolved—a commitment and a dedication. The Energy Factory became a learning laboratory and students and staff worked as a team. This kind of participation by students in determining the nature of the food service program made it the success it is.

The program has become an intergral part of the school's total educational program. The essential ingredient is that the program is operated by and for the students, that is a student advisory council that recommends decorative, structural changes, daily menus and food selection. There are few adults in the program's operation. The students organize, administer and are responsible for the implementation of the Energy Factory Program.

To give you a brief historical background, he Energy Factory Program was an outgrowth of a joint effort sponsored by District Council 37, Local 372 and the New York City Board of Education.

In October 1977, the New York City Board of Education agreed to support the Energy Factory as a pilot project in three New York City schools. The first Energy Factory opened in April 1978 at the John Dewey High School in the Coney Island section of Brooklyn, New York. The John Dewey High School has a highly motivated student body. The students actively participated in and were directly involved with the dining area design and the renovations that were necessary. Meetings with staff were coordinated with the student's independent study program at the school.

To give balance to our Energy Factory Program, the second school selected was Benjamin Franklin High School in the East Harlem section of Manhattan. This poverty area has a high incidence of crime, drugs and all other ramifications of urban ills.

I am providing you with this background information to indicate to you that the two schools represent a sharp contrast of the student population to be served; the first school student body highly motivated, the second, a very low motivated group of teenagers. Naturally, each had to be uniquely suited to its situation.

The Benjamin Franklin Energy Factory gives teenagers several choices of nutritionally balanced meals in a setting they enjoy. Since it has been in operation, it is obvious that students are eating more and better. It, like most schools, has a declining student population. It is interesting to note that, as the register declines, the number of students that are fed increases. Prior to the installation of the Energy Factory, we averaged 400 feedings a day. We are now feeding more than 900 students a day. In addition, almost none of the food is wasted. By comparison, in years preceding the Energy Factory, garbage cans were laden with left-over food. Now the garbage cans are filled mostly with paper waste. It is obvious that youngsters are consuming more food on the school premises and, that the food is more nutritious and more attractive to the students.

The Energy Factory, as conceived at Benjamin Franklin High School, is both a nutritional program and an educational program. A decision was made to involve students in the development and planning of the cafeteria. An Energy Factory Committee was formed. This committee was comprised of students who were achieving students as well as students who were difficult or problem youngsters. We were able to get these students to work together to develop the plan for the Energy Factory. This student committee made suggestions, took several surveys from the entire student population and developed the "nuts and bolts" of the idea previously conceived at John Dewey High School. The student committee made the actual and final decision on menus, design and structure, furniture, general decor and decoration.

During the summer, when construction was taking place, a committee from the student group met with the contractors each week at a contractors' meeting to discuss the progress of the work. They learned a great deal about budgets, delays in work schedules, bids, et cetera, to the point where they would ask serious, intelligent questions about the work that was going on and were able to help make meaningful suggestions about both budget and construction modifications that were necessary.

Because of their involvement in the development of the Energy Factory, these students came to see this as "their" cafeteria. For the most part they are correct, for, with the exception of food handling, the students actually run the cafeteria. There is only one staff member assigned to the cafeteria as such. He is also responsible for maintaining the Energy Factory Committee. Students from the committee supervise the lines, the exits, the entrances and control the student lounge which is part of the cafeteria "set-up". We are proud to say that this is a superbly run cafeteria.

High School cafeterias have been known to be major problem areas for schools. A great deal of negative behavior including fights, drug use and sales, violence, et cetera takes place in many schools' cafeterias. In the past, Benjamin Franklin High School was plagued with numerous untoward incidents. Since the Energy Factory has been in operation, we have had few incidents and all of those have been minor.

Another value of the Energy Factory Committee is that we have been able to use this involvement in the school program to turn a number of youngsters "around". Many youngsters who were truant and failing have become attending and passing students. School tone has improved. We have had a marked improvement in student behavior and class performance, particularly those involved in the Energy Factory.

Another plus for our Energy Factory is the spin off into involvement of other activities throughout the school. A large number of our Student Government participants, leadership participants, Cheerleaders, et cetera came from students whose first involvement was the Energy Factory. It has given us more student involvement throughout the entire school.

In summary, our Energy Factory has enabled us to feed students nutritious and balanced meals. More students have begun to take advantage of the lunch offered at school. Of equal importance is the educational value we have derived from the program. We are unable to calculate in dollars and cents what the full value of this program is. Its value certainly goes far beyond simple cost figures. The program, properly designed and implemented, can bring valuable and important changes in young people that will lead many to life goals that will make them effective producers in this society rather than non-productive consumers.

The Energy Factory is just one of several food projects that we currently have in operation. In conjunction with the Energy Factory, the Benjamin Franklin High School was awarded a grant from the Nutrition Education and Training Program (through USDA) to integrate nutrition education with the Energy Factory. This is being done in the following manner: The establishment of a nutrition education class which meets daily. The class is assisting in developing a survey to determine the choices and frequency of food eaten by students in the Energy Factory. The class is being taught basic nutrition education. They will research the difference between the food served in commercial "fast food" restaurants and that served in the Energy Factory in terms of nutrition, quality and cost. This information, along with other nutrition information, will be disseminated to all the students at Franklin by means of student-made materials and personal communication at a nutrition information kiosk located in the cafeteria run by the students. The students will also produce posters, create slogans to be printed on hamburger wrappers and milk shake cups and generally act as nutrition spokespeople.

It is important to note that none of the food served is different from that which is served in all of our other schools; however, the merchandising is different. The outstanding Donated Commodities Program which we have in New York State helps make available to New York City only those foods which we utilize in our programs. This, of course, helps to keep the cost down and provides a rich variety of menu items.

Words alone cannot adequately describe the success of our program; its impact on the student body, the staff and school's educational program. We are receiving a maximum return with only a minimum investment.

We have had visitors to our Energy Factory Program from Sweden, the Netherlands and Japan as well as from many States. As recently as two months ago, we were indeed fortunate to have members of the Subcommittees' Congressional Staff visit. We were particularly pleased to have received their most laudatory comments. Only by making an on-site visit to our Energy Factory can one really observe and appreciate the positive impact the program has on the schools' educational climate and more particularly, on the lives of the students and their families. I would like to extend an invitation to all of you to visit our Energy Factory Program.

We are aware that the subcommittee will be examining all the child feeding programs during the next Session of Congress. I want to express our deep appreciation for your recognition of the importance of nutrition education and sincerely hope that the new legislation introduced next year will further improve our feeding services as well as integrate nutrition education into the total educational program. In addition, I would like to recommend your support for a comprehensive omnibus Feeding Bill that will consolidate all feeding programs into a more viable and manageable unit, one that will reduce paper work and ameliorate administrative burdens.

We have just laid the foundation for our Energy Factory Program and look forward to having another opportunity at some future date to share with you our many other innovative practices in our School Food operation.

Ms. CAGAN. Now I would like to turn this over to Mr. Taylor.

STATEMENT OF MELVIN TAYLOR, PRINCIPAL, BENJAMIN FRANKLIN HIGH SCHOOL, LONG ISLAND CITY, N.Y.

Mr. TAYLOR. My name is Melvin Taylor, principal of Benjamin Franklin High School, New York City. Thank you for this opportunity to speak to you about the energy factory.

I can point very easily and very quickly to the increased involvement of food service at Benjamin Franklin High School. With an enrollment which is declining roughly 15 percent a year, we have been increasing our food service. For example, the first year with a 15 percent decline in student enrollment, we doubled our feeding from approximately 350 students a year to 800. Last year, with another 15 percent decline in student population, we increased from 800 to about 1,000 lunches a day. So, even as student enrollment is declining, we are feeding more youngsters.

We can point to the fact that as you search the garbage cans, and it seems they do on inspections, instead of finding large quantities of food, as they did before, you will find the garbage cans now filled mostly with paper, because the food that is served is being eaten. The youngsters seem to be happy; they are better, they eat more.

More importantly, I would like to spend some time talking about another aspect of our program which seems to me to be of equal importance to, if not more than, food, and that is the atmosphere of education. Educators are constantly looking for ways to improve their educational programs. I don't think I have to tell the members of the committee that high school cafeterias in urban settings are usually a source of a great number of problems. Of course, our cafeteria was such. With the inception of the engergy factory 2 years ago, we were able to reduce the number of major incidents from three a day to less than three in 6 months. I think that speaks for itself. Our energy factory is not run by teachers or by adults. We have one adult, Mr. Brown, who basically supervises the cafeteria. We have operations in the cafeteria run by the students—the students; because of the involvement in the selection of the food in the cafeteria and choices, see that it is their cafeteria and take a great deal of pride in it, and they run it.

We have done something which almost no other school in New York would dare, that is, open the students' lounge during the lunch period. The youngsters run it; they control it. It works extremely well because the youngsters feel that it is theirs. So, the atmosphere in the cafeteria you will find not bubbly, jumping, full of problems, but you will find a quiet atmosphere where youngsters are relaxing as part of their school day, enjoying a good food lunch, while getting ready for the next class.

We can add that the educational spinoffs are very, very important. The youngsters who formed under the energy factory committee have permeated the rest of the school and have taken that commitment to the excellence of the energy factory in the school in general. For example, last year our student government, which was newly reinstituted as the commitment of students got bigger, the student government was comprised largely of members from the energy factory. One young man who was elected as vice president of the student government had been a student who was truant, who had failed most of his classes, who hardly ever went to school. Because of his involvement in the energy factory committee, he was able to turn himself around as a respected member of the school community, vice president of our student government last year. We expect this year he is going to graduate and go on to college. As a matter of fact, we did not select members to be involved in the energy factory committee because of their being good students or turned-on students. Many of the students who were selected were selected primarily because they were disaffected.

I can say that many of these students have turned themselves around, have made a positive impact on their lives and have made positive impact on others' lives.

We are now integrating in our educational program, programs about nutrition, using the energy factory as a base. We have started one that we hope will become the basis of a total school nutrition program, and we will do some things by comparing McDonald's and Burger King and their types of fast-food service on those fast-food items that we have at Benjamin Franklin High School.

Even as we talk about food, the process of students' involvement is something that is real for them. As parents, theoretically we talk about student involvement, and we do it hypothetically because we choose things which students can't really get involved in. In a food-service program it is something real for the students; they can get involved. By using that involvement, we can not only turn the school around but also change student's lives. These young people in many instances who may become cases of criminals down the pike, are now becoming solid citizens who are contributors to society, rather than detracting from it. It is all because of their involvement in the school program.

We invite you to visit our school and our energy factory.

We would be willing and happy to respond to questions. Mr. Brown and Mr. Driver are with us and will help us answer any questions you may have.

Chairman **Perkins**. Thank you very much, Mr. Taylor.

I know the investigative staff were complimenting you highly. You have all been excellent witnesses. I just wish the full committee and all the Members of Congress could have heard your testimony here this morning. It has been most outstanding.

We will now proceed with some questioning.

Now, Mr. Farley, your hot lunch program has met with great success in the Milwaukee public schools; however, we have heard from a number of witnesses that the hot lunch program does not have universal appeal, especially in large urban high schools. What alternatives to the type A lunch would you recommend in those high schools that have rejected it?

Mr. **Farley**. I would not go along with that statement, that the type A lunch has not been accepted. I would say that this information comes from people who are probably uninformed. The type A lunch is the basis on which the lunch pattern is built; it is a good basis; it is not a hollow thing; it is not a balloon. You can build anything you please in this.

Our lunch program in Milwaukee has always had about 75 percent participation. In many of our high schools it is over 90. We have no closed high schools. I would like to bring that point up. Those who say this are misinformed. We have built into our lunch program, because the students plan it, such things as tacos, such things as lasagne, such things as the beefburger; but people who criticize the type A lunch program always bring in this thing: Who wants spinach? We have never had cooked spinach in 20 years.

Many of the things that we have been accused of doing have never occurred. What we do to make greater participation in the lunch program, particularly in the central city, the high schools, is work with, as we have for 16 years, our 68-member elected school lunch committee of the Interhigh School Council. These kids are not in there because they love us; they are revolutionaries and they are out to change the world, and that is the kind of people I like.

I take the person who stands on his feet, who says what he is thinking, rather than the rear rank looney who doesn't tell you what he is thinking. From that, we develop all foods that students like. There are so many foods that students like, there is no sense in the world of putting on foods that students hate or actively reject.

Now, this is very important, that we include the things which the students want. We don't have such thngs as "In the Latin schools we serve Latin food." That is a fraud; it is sort of weak kneed. I don't like anything like that. The student council meets with us and they say what they want.

Chairman **Perkins**. I wish our so-called nutritionists in this country had your ability.

Mr. **Farley**. I am a registered dietician. I am also an exparatrooper with infantry combat, World War II and Korea; when I retired from the Armed Forces I went to college to learn food. For 22 years I have been in the arena of a central city, making meals for all. This is very different, the best that can be. We have 42 different kinds of bread. You go in a restaurant; it is the same day-old, stale bread. We use the whole wheat germ, the bulgar, everything. We brought in last year four different kinds of bread which students want. When we serve tacos, everybody gets tacos, not just Latin kids. When we serve lasagne, it is not for Italian kids. The Irish, the Germans, the Poles—they all just love lasagne if it is cooked right.

Do you know how we did it? We used closed circuit television. I think the one we used to show us how to make lasagne and tacos was Maria Carmelita Gonzowski. She was the cutest thing in the world. We put her on closed-circuit television, instead of fighting this thing for 2 years on what cooks want to do and don't like to do; we put her on there. This is how you do it; this is the menu; in 45 minutes, 1,200 cooks in the city learn how to do tacos. Another time, 1,200 learn how to do lasagne.

You may say we are a little hardnosed. Yes, I firmly believe you have to be hardnosed with a democratic background. You have to have leadership. You have to say this is what the students have decided upon; these are the recipes they have approved and God help those who change it, because we are going for the students.

I don't feel any compulsion of getting along with my employers, although I love my employers. We are there for kids; we are not there to give meals to teachers and administrators. They all plunk their money down; nobody gets a free meal except a kid. It is the No. 1, primary thing; you can't skirt around it and say the kids want crazy things. I will tell you that in working with the students for 16 years, 10 meetings a year, these are workshops, not gab or gripe sessions, these kids come up with better ideas than the adults. The adults are the ones with the crazy ideas about what kids like. Kids will work with you. Hey, food and nutrition service says deal with the kids. You deal with the kids; you don't have a straining influence of what the parents like and what the teachers like, because the teachers were raised in a different generation. The food I ate and liked as an Irish person in an Irish family growing up in a German city my kids won't touch. It is not a matter of nationality; it is a matter of time.

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There is more difference in time than there is in ethnic backgrounds or religion or nationality or race. You have to work with the kids. I think this is the most rewarding thing I have encountered in my years as a food service director, working with students. It takes the test panels, what they want; then you have another meeting with the students; their suggestions for improvement: "Hey, don't stand there and tell me what you don't want; tell me what you want. It is easy to criticize. What would you like?"

Here come these kids, the revolutionaries, and I like them; they stand up and tell you what they like. Then we have what things they want off the menu, what things on, suggestions for next year and away we go with the student-planned menus; 16 years, the newest, the oldest thing. I don't know where else you would go to get it, but we have one menu for all. We include all of the things that the students like. We have page after page of things which they like. When it drops below about 92 percent acceptance on the acceptance scale, we don't put it on. We don't put on the crazy health foods. We have 42 different kinds of bread. When we make lasagne, it is like the best Italian restaurant.

Thank you.

Chairman PERKINS. I just wish that we had an individual like yourself who could visit the school lunch programs and some of the schools in every State of the Union, where you could give so many of these people ideas, where they are having problems, and stay right there until those kids begin to see they are under a different atmosphere and commence to enjoy the school lunch. We just don't have dedicated people in a lot of the areas, which makes it difficult.

I am pleased to see you here this morning, all of you, because you are the best witnesses we have had.

Now, I would like to ask Ms. Cagan—we have heard from some of the larger school districts—that if given the option, they would prefer cash in lieu of Federal commodities. They have stated that with cash they would have a greater menu flexibility and that they would be able to purchase the same quality of commodities, but at a more economical price. What has been your experience with the Federal commodities program and what recommendation do you have for its improvement?

Ms. CAGAN. I am only in this position 2 years, celebrated or decried, on November 1. When I made my quick survey of what was going on, I took a look at our inventories in which we stored the donated commodities, and I was aghast to find the shelves filled with items that were not going to be ever used, some of them very expensive items, and one of the first questions I put to FDA was, How does one go about having a garage sale, and is it legal?

At that time, the option of going for cash in lieu of the pilot thing—you know, when the commodities came out in the Federal Register, I immediately called up the State Department people and said I was coming up and have somebody there from the USDA and commodities program, because I wanted them to sign off; I wanted them to go into cash in lieu of.

So I understand exactly what you were describing, and that must have been the sentiment.

When I went up there, I met a Mr. Burger, head of the New York State commodities program. He sat down and asked me what I would like to have, what my specifics would be, and so forth. So, I had all these papers signed. I said, I will give it a try.

Now, I can tell you, as I stated earlier, that we get nothing that we don't request. We get it according to my own specifications, because we have removed all nonbeneficial additives, preservatives, and artificial colorings from the food, and I am getting that.

I think we have had an impact at the top, because Mrs. Forman ordered all of her fruits now with natural juices or in light sirup. You have to learn that you can't have things overnight because you have to tie in the fruits with the canning season.

Also, I don't accept any items, and the States do not accept any for me, that do not meet my specifications. Excess sugar—we do not get it offered; it goes to such places that may want it. As I said, I find that I save money. I find it gives me an option of having much more variety. As I said, in less than 6 months from the time I came on I began to see the difference.

I am completely a proponent of the commodities program when it is done like it is done in New York State.

You asked for recommendations. Most of us have been going around trying to share with each other and help each other. I have been going around to various cities in the various States. If they have a workshop, I have been sitting in whatever workshop that does not coincide with the panel that I am supposed to be on. I am aghast to find that in some States that I have been in, they are still having a commodities program such as the one I described when I came in. When I spoke to my commodities State director, there is no reason why they cannot run their program as it is being run in New York State.

So, the recommendation I would definitely make—I am sure there may be other States that are as good as New York—that those are the places that the other State commodity people must visit; they must be helped; they must get technical assistance in how to operate a good, clean program that results in the school lunch program, as I said, being able to get a lot of the stuff at lesser cost and providing a great deal of variety to our program. Of course, I save on storage now.

Chairman **Perkins**. Thank you very much.

Now let me ask Mr. Fredrick, how are we teaching our school children improved dietary habits if we are allowing them the choice of eating—for school lunch—a hamburger, french fries, and a milkshake every day? Aren't we reinforcing their preference for fast food instead of expanding their diets to include vegetables and fruits?

Mr. **Fredrick**. A very good question, Mr. Chairman, but we must remember this: The students eat 1,200 meals a year. Only 180 are consumed at school; the other 1,000 are at home. We must never forget that in the home is where everything begins. Also, if you are to teach these children nutrition and what they should eat, you should begin in your first, second, and third grades. When you try to tell teenagers in your junior and senior high schools what to do, you are turned off.

You know, your committees and the Congress have spent more money than ever before, hundreds of millions of dollars, telling students how dangerous smoking is; yet there are more teenagers smoking than ever before. There were a million teenagers that took up smoking.

So, I would like to leave the education of this to our first, second, third, and fourth grades, and encourage our parents at home. When the students have come, they already have their preferences and when a student eats a meal at home, there is no reason why he can't have something different at school. He has already been taught and indoctrinated.

What we have done is taken the food he wants and will eat and we have turned it around and made it into nutritious food.

There is one other aspect of this: Some of us think that the only one and proper way to eat is to have your meatloaf, your mashed potatoes, your stringbeans, and your piece of bread. Some of us think if anybody ate differently than that, they are heathen. If we go to Italy and we see a mother feeding pizza, we go to Mexico and see them feeding tacos, we have to remember, gentlemen, that sometimes there is a change. We don't any longer come here in a horse and buggy. There is a tremendous change going on in the way students are eating. Let us take this change and let us make it supernutritious for them.

Mr. Chairman, may I add one other comment? I am happy to say that the New York School District a couple of years ago, I think before Ms. Cagan, had to go out and they wanted to copy a school lunch program in the United States. They spent a bit of money and they decided to use the innovative ideas we had in Clark County. They sent a group of people and some of them stayed 2 full weeks. We gave them all the expertise on the fast foods, so they could use it.

I am happy to say it has been so successful in their energy factory.

Chairman PERKINS. Thank you very much.

Now let me ask Mr. Taylor, you stated that the energy factory has not only doubled the lunch participation in Benjamin Franklin High School but has also modified behavioral problems. Could you please elaborate on this for us?

Mr. TAYLOR. I guess I would have to begin by explaining some of the problems that we had. I think you know them; the headlines point them out consistently.

In New York City we have problems in our schools with dropouts, with attendance patterns, with youngsters not graduating from high school. I will not say that we have reached the millennium and we have solved all the problems. I can say for an increased number of students that by their involvement in the school, by their commitment to doing something, a youngster who is part of the energy factory committee can't be a member of the energy factory committee unless he is making commitments to do certain kinds of things. If you don't mind, Mr. Chairman, maybe it would be better if Eric told you how that happened, because he is a student who is involved in the process.

I think it would be more effective if you hear from him.

Chairman PERKINS. Go ahead.

Mr. **Driver**. Mr. Chairman, my name is Eric Driver, president of the energy factory program, Benjamin Franklin High School. Thank you for bringing me here to speak with the panel.

Let us start from the beginning. The energy factory program at Franklin was in chaos; students weren't coming to school, weren't going to classes. Inside the cafeteria there were more than four or five fights a day. I, for one, stopped going to school because every day I went to school I would get into a fight; I could not learn.

With the energy factory program, the students are now going to classes and doing their work. The students do not stand in the hallways; they meet in the cafeteria, eating the food and then stay in the lounge. So, you have a lot of involvement with the energy factory program.

The grades have gone up. Now, you come to school more; you go to your classes. If you sit there and do nothing but listen, you learn something. The next day you come back and learn something else. There is repetition; you start learning more and more; and grades have gone up.

Tony Sower, a good friend of mine, is involved, working hard, comes to school every day. He was averaging 42; he is now averaging 75.

Grades have gone up repeatedly. It changed our attitudes. We have learned to work as a group instead of as individuals. As a group you can accomplish a lot of things; we have learned that. That has helped us so far.

Chairman **Perkins**. We will recess for about 5 to 10 minutes. We have to go over and vote. We will be right back.

[Brief recess.]

Chairman **Perkins**. We will now continue with the hearing.

I want to accept that book from you, if you will let me have it. I would like to look at this and let the other committee members look at it likewise.

Let me address a question to all of you distinguished witnesses: I am sure all of you know that the Carter administration is proposing a cutback of one-half of a billion dollars in the child nutrition programs, including a cut of 5 cents a meal for the paying students.

What effect would such cutbacks have on your food programs? Let me start with you and go across.

Mr. **Fredrick**. It would not have any. I say the 5-cent cutback to us would not have any effect whatsoever, because last year our school lunch program made another $1 million in the black; so, we can absorb the 5 cents; we can absorb a 10-cent cutback and still go another year, the fourth year without a price increase, and still give these kids these fabulous lunches that they like.

Chairman **Perkins**. Your lunches are 75 cents though, aren't they?

Mr. **Fredrick**. No. We have 50 cent for the elementary lunches and we have from 40 cents to 60 cents to 80 cents for secondary lunches, depending upon——

Chairman **Perkins**. This says 75 cents.

Mr. **Fredrick**. There are others there, too. There are others as low as 65 cents. We have 50 cents for the elementary. The elementary kids do get practically the same food.

Chairman **Perkins**. Let me ask you for your answer to this question.

Mr. **Farley**. An incredibly serious, deleterious effect, Mr. Chairman. You see, we people in the city know facts and finance. Every year we have financial accountability. A major city is very different from a county out West that is 9,000 square miles. When you have a central city, for every 5-cent increase there is a 15 percent drop in participation; however, that is not the most serious thing.

When you cut the paying child, when you have to raise their price another nickel, it takes about 14 to 18 months to bring it up to the point where it was previously.

Now, several serious things happen, Mr. Chairman, which most people are not aware of. When you cut your paying child out because the John Q. Taxpayer cannot afford to have money for his kids, several things occur. No. 1, the reimbursement from those free meals is based upon what you charge for your paying. Every time you go up a nickel, you decrease the reimbursement from the Government for the free meals a nickel.

When we raise the price of a meal, we have found this in our books every year, and in 20 years we have gone up three times; we cut the number of meals about 1 to 1.5 million in our city of Milwaukee. We are about the 13th largest city in America. We have 155 schools. The drop in participation is dramatic. Of course, you don't drop the free meals; you don't pick them up in free meals; you don't pick up the paying child in the reduced-price meal. People think it is an automatic switch. Because of the change in reimbursement you get a nickel less on your free meals because your reimbursement is based on the paying child; you come to a net loss.

One of our board members figured if he raised the price of a meal 5 cents he would make $500,000 in the next year, because, based on so many million meals we serve, we lose 1¾ times that. It was $750,000. We lost on that deal. You don't gain money when you raise the price of meals; you lose. You lose about 1½ times as much as the price increase was, but you lose something much more important. You lose 1.5 million meals. We lose in our city on a 5-cent raise—15 percent is what we lose.

Chairman **Perkins**. Go ahead.

Ms. **Cagan**. I want to support what Tom said. I think it is a very, very serious mistake.

There is something else, and it is funny; people wondered why I am in complete support of not losing that 5 cents, where in New York City we have only 9 percent reduced and 6 percent paid. Why am I making such a point about it? For all the reasons that Tom has stated, because the whole impact of the lunch program changes. The kind of feeling that the students have been participating in a lunch program that is just for the free and reduced kids; it will have a deleterious effect on it.

In New York City, something else is happening. The middle-class parent—and that middle-class range—look at the application forms and income levels that are set; there is quite a difference between having an income of $7,000 and $14,000. That is the approximate area that makes one eligible for reduced. They are being squeezed; they are the tax-paying group. That is the revenue base in urban areas such as New York. This another reason for their fright; they don't have to go far; they just move from the Bronx into Westchester or from the edge of Brooklyn and thence into Nassau.

There had to be something that keeps them. One of them is good schools; one of them is seeing that their kids get an education, and one of them is to see that they are not made the fall guy every time. That is why I am in complete support of areas of the country that have the paying child, because we must stay together on this. I definitely agree we will lose people moving out of the city altogether, and that is a terrible blight. We have to do everything we can to keep the middle class in these urban areas and start rejuvenating them, and start making them what they used to be; otherwise, I think there is no hope in the country.

Chairman **Perkins**. When you don't have a strong, regular school-lunch program for the paying student, how does that affect the free and reduced program? Let me put it another way.

Mr. **Farley**. When you don't have a strong school lunch program?

Chairman **Perkins**. I mean, for the regular paying student.

Mr. **Farley**. How does that affect the nonpaying student?

Chairman **Perkins**. I mean, the nonpaying enrollee in the school-lunch program, the free and reduced price.

Mr. **Farley**. How does that affect the free and reduced price lunch program? It is difficult to reply to that, Mr. Chairman. The program should not be looked upon as a welfare program. I think this is a terrible mistake which has been made through the last 15 to 18 years, that school lunch is welfare; it is not welfare. This is probably the most successful Government program in the history of the United States, on the basis that John Q. Taxpayer is getting more out of his taxes in the lunch program than he is on anything else; and he feels it.

When John Q. Taxpayer has three or four kids and he reaches on top of the dresser for money and he can afford it, it is great; he loves the school system and everything else. But the moment you falter and start making it into a welfare program, your entire community begins to feel why should they support school lunch, why should they pass the school bond referendums? I have been in this thing so many years, politics on the local level in school lunch, I think, should take precedence over politics on the national level.

For instance, I hear many times on the national level we would like to do all these things, banning vending and junk foods, but it is political, and we can't. We do this on the local level. We take action which we must take and we are always taking action with the public behind us. I would say we are on three television stations, two radio stations, the newspapers, every day. This is public relations. You build it in your city; that is the reason I stayed in school lunch. It is my city; I am a fifth generation Milwaukean; I feel I owe allegiance to my city. I could have moved anywhere, anytime in those years.

But you build a base of operations in the city. This is the understanding of the kids and their parents, that you are working for them; you are not working just for the children of poor families. John Q. Taxpayer will revolt on this. That is what is coming when you cut the paying kid. You have public support for this. There is a lot of support nationwide for the national school lunch program. I am afraid it gets skewed out of perspective by the eastern section of our country around Washington and in New York City as to what is happening there.

Across the broad base of the country, and I have spoken in 22 States, there is intense ground roots support of national school lunch, more than any other program. We damage it by just looking at it as welfare.

Chairman PERKINS. Go ahead, Ms. Cagan.

Ms. CAGAN. I think Mr. Taylor wants to add something.

Mr. TAYLOR. I think Tom has kind of covered my point. I have a great fear that once we begin to look at anything as a program for those poor people solely and exclusively, that along with that goes a kind of psychological letdown in terms of what we do for those programs. As long as that program includes in its purpose service to all people, then there is a larger commitment to making the program operate and operate better. But once it becomes only a program which is welfare based or poor-people based, then psychologically, politically, something happens to those programs.

Even though our school is the beneficiary of a large free lunch program, I would argue very strongly that once we reduce the lunch program for the youngster who pays, and although we do have a few of those, that we psychologically reduce the program. Anything that does that, I am opposed to.

Ms. CAGAN. I would like to add something to that. I have had the experience of going into a school where children who were, and had valid applications on file, eligible for free lunch, were not taking advantage of eating in the school lunch program; they were leaving the school premises, and some of them, not having any money to buy lunch, were going without lunch. When I asked a few of the children why, they said, "We don't want to go in there so they know that we are the poor kids."

I began to see—I think I mentioned it to you when I first came to your school—here we had a school of all minority kids and we are now creating another caste system of those that it seemed had $1 in their pocket and could go out and buy it, and those who were the poor kids who had to go into the lunchroom.

Now, I think we have enough differentiations in our society without creating another differentiation among students, especially when we are supposed to be concerned with nutrition of all the kids and as part of the Federal legislation we are not allowed to discriminate.

Mr. FARLEY. May I speak additionally? We went into one-menu-for-all so that we would not have this distinction between those who could buy better meals and those who could just have the school lunch, which was always looked upon as a welfare thing. So we did for 20 years try to build a quality lunch program: one meal for everybody. It does not matter if it is free, reduced or paid, one meal for everybody. It is the same thing in every single school and it is the same quality. There is no difference.

I think we destroy this if we start raising prices.

Mr. GOODLING. We are in the business now, where bells are beginning to ring fairly regularly. This is a delaying tactic, apparently, for some reason or other.

Let me just say that everything that the chairman has said off the record to the stenographer, I would say on the record, and amen.

What you have to do is find some way to get power and control in relationship to what I get accused of calling "fuzzy-headed nutritionists" who come before us regularly and who seem to be running the show.

You are the first witnesses I can remember who have come down here and did not ask us to do things that could not get approval back at the local level.

We appreciate your testimony. For a while I made the mistake of sending my nutritionists off to college in the summer. They would come back after 2 weeks and, oh, what a problem we had for a long time. They would try to do those impossible things, the spinach down the kids' throat.

Ms. **Cagan**. Excuse me for interrupting. There, again, it depends on the school. We can't serve enough spinach at Ben Franklin High.

Mr. **Taylor**. One of the most popular items in our salad bar is raw spinch.

Mr. **Goodling**. They come back and they are supposed to give the new students cooked spinach. I would tell them the only nutrition in that cooked spinach is in the juice, which you don't serve anyway.

At any rate, I certainly appreciate your down-to-earth testimony. I get very upset because I think it was Mr. Farley who said we need some people at the head of these things down here who have been in the field. That is what I fear from the Department of Education. The first appointment we get as Secretary of Education is a lawyer, not an administrator or a school teacher but a lawyer.

Food for the elderly, I appreciated that part because I have been saying so many times here, we duplicate efforts, and money is so scarce; I see you are doing what I have been trying to tell people to do for a long, long time. It is a great joy for them, first of all, to associate in the school building and, second, it is economical and it is good nutrition.

Eric, I am sorry we didn't have more time for your testimony. Oftentimes I make the point that we never hear from the people who are supposed to be the beneficiaries of whatever we do. Those are the students. I am glad that you are involved.

Ms. Cagan, I am sure that all of us on the committee would like to join with you in some kind of omnibus feeding bill that can cut out much of the paperwork and duplication that you talked about, which includes the senior citizens.

Ms. **Cagan**. That is right; we had a pilot program for senior citizens in our school and we are extending that. It was during the summer. We never had it in the centers.

Mr. **Farley**. The center foods cost about $2.50 a meal; ours is 50 cents.

Mr. **Goodling**. Not only that, but it is hauled a hundred miles.

Mr. **Farley**. It costs the taxpayer $2.50 and in many places more.

Ms. **Cagan**. Because of the nutritionists that are on elderly feeding.

Mr. **Goodling**. We have been doing what people out there are telling us to do. You didn't get here before.

Mr. **Farley**. Excuse me, sir, but I have never had a nutritionist of any sort visit in 22 years in managing a school lunch in a major city. The people I have had are entirely nonprofessional, unknowledgeable in food, untrained in the technical health field of nutrition and utterly lacking in any administrative ability on the local level. I have never had a nutritionist come out and inspect my school system. We have had uneducated people.

Mr. **Goodling**. Or no practical experience?

Mr. **Farley**. No practical experience whatsoever.

Mr. **Goodling**. The only thing I would take exception to, I guess, in your report is item No. 3 on page 3. I think it is an overstatement. I realize there is no question that food waste is partly due to what you are supplied by USDA, but I think it is maybe an overstatement the cooks, the people who are doing the serving, the participation of the children in doing the planning, are also responsible.

Let me say one thing, Ms. Cagan, in relationship to what you have said: You made an issue about the foods that were being sent to you; however, suppose that was done and followed through all over the United States? The original purpose, of course, was, how do we distribute these surpluses that we have? That was the original purpose. That is the only way we got into the business.

If everybody made the same demands that you made——

Ms. **Cagan**. I gave you an example of how that is done in the canned fruit. Now, that is being done in the canned vegetables. You have to get in before the canning season; you understand. There is no reason why they could not reduce. With the fruits, it was very simple.

Mr. **Goodling**. The things that were sent to you, the foods that were sent to you, if everybody specifically indicated that they were going to have, then the system that was originally set up to distribute surpluses would break down.

Ms. **Cagan**. I think there was better coordination and people such as we have in New York, or in other States, used their heads and started to trade items.

To give you a perfect example, one of the things I found that took up almost half of one of my warehouses—by the way, $600,000 a year is what it cost me for storing donated commodities that I couldn't use; that is why I got onto this issue very quickly.

Mr. **Goodling**. Plus what it cost the Government to ship them to you?

Ms. **Cagan**. Yes, of course. One-half of the warehouse loss was lemon juice which I understood was sent out to everybody. We got one of our suppliers, and we did this on public bid, who for 1 penny and a quarter was able to meet our specifications and make lemonade and put it in little containers. It was such a popular item that I put out a call, "Who has lemon juice in their warehouses that they have no intention of using?" I located Connecticut, who had loads of lemon juice. We called the Commodities Connecticut guy and they made some kind of exchange of what they needed in Connecticut, and they use a lot of items I don't use. That, to me, is a simple administrative problem. We have all different tastes and all different needs.

I remember in the major cities meeting in Chicago last May that this kind of discussion was going on: "I don't need that stuff," and somebody else would call out, "But I do." This is a matter of deployment. Maybe you ought to have a good warehouse person doing it.

Mr. Goodling. All I was trying to point out is that the original purpose of the whole thing was to distribute commodities and get rid of surpluses that we don't know what to do with. It cost a lot of money to store. I got letters saying, "Hey, we are getting raisins. I thought raisins were scarce. I thought they were the most expensive thing around." For some reason or another, we were buying raisins and shipping raisins.

Ms. Cagan. I heard on TV that it was a good crop; that is why we have a lot of raisins. We had heard originally we would not be getting any.

Mr. Goodling. Last year it was a short crop and the most expensive thing on the shelf. What I was trying to point out is that the whole purpose of the distribution of surplus food was not to go out and purchase and move in that direction. That is why some schools like to do their own purchasing. Take a rural district where they are next to everything, elementary and secondary schools. They know they can get the best right where it is.

Let me again thank all of you. I think we have all agreed this is the first realistic, down-to-earth testimony that we have had.

Mr. Farley. You know, this committee was authorized by Congress. I think Congress intent has been thwarted many times by Food Nutrition Service. Two years ago a regulation was put out: There will be formed committees in every State to resolve this problem of improper food products, food products that don't meet the needs, food products that cannot be used, food products that fall below standards, and we will get together on a State basis.

So far, in my State, and I have met with the directors of cities in other States, it has not been implemented. There is footdragging.

You see, there is no requirement for a technical degree in food. We graduate thousands of these people every year out of our colleges; but there is no technical requirement for a State director to have anything. The regional directors see themselves merely as warehousemen, shifting cargoes of food into warehouses throughout the country. They know nothing of food. They are not interested.

When it goes up to Food and Nutrition Service, they say everything is fine. Two years ago Congress said you are going to form these committees and we are going to stop this nonsense of substandard food that they can't use and shipments at the wrong time and warehouses full of it. It has not been implemented yet, Mr. Chairman, and I think it is a step in the right direction. I am not saying cash in lieu of commodities; I say force the Department of Agriculture to provide us with the quality food they originally started to when the school lunch was formed in 1946. They have departed from that. I don't want cash in lieu of commodities; I want good commodities.

Mr. **Goodling**. Of course, we are well aware that we are not the support that we think we are, because we know what happens downtown with that ever-growing bureaucracy that legislates by writing regulations or doing nothing sometimes. We are aware of that.

Hopefully, we are getting better at slapping their wrists and making them come back for approval of regulations and making them justify what they have done, and justify their existence.

Mr. **Farley**. They sent inspection teams out. Here is the new inspection team, the new AIMS report; it has six classifications they are going to harass us with. Look at this crazy thing.

Chairman **Perkins**. They just don't know what they are doing. It is just to be doing something.

Mr. **Farley**. They have six standards that they are going to get us on. I would like you to know what we are being subjected to.

Performance standard No. 1: All applications for free and reduced price meals validly approved. That is a bookkeeping thing.

Performance standard No. 2: Free and reduced price meals claimed at reimbursement are actually less than the number of tickets, et cetera.

Performance standard No. 3: The total number of meals claimed for reimbursement is equal to or less than the average daily attendance. This is a bookkeeping thing. A big change in Food and Nutrition Service. I have suffered through this 22 years.

Performance standard No. 4: The system of counting and recording meals sold for paying and reduced claim for reimbursement, and so on.

Performance standard No. 5: Reimbursement claims for meals are limited to allowable cost documented by reviewable records. They think we don't have records? That is all we do is keep records.

Performance standard No. 6: Maybe we are getting into food here some place.

Chairman **Perkins**. You know, you have had some military experience, and I have had some military experience, too.

Mr. **Farley**. I got shot several times but I didn't die.

Chairman **Perkins**. I was on KP and you have been too, but this stuff is just nonsense. I want to invite you back down here so that you can respond when they make those statements here. Maybe you can educate some of these so-called nutritionists in this country.

Mr. **Farley**. I would appreciate that, Mr. Chairman; but you know, I had to pay my way here and it is a little expensive to come here.

Chairman **Perkins**. I know it is a little expensive, but we don't have any way to pay your way.

Mr. **Fredrick**. Mr. Chairman, may I speak? I have not spoken in 20 minutes.

Chairman **Perkins**. I would suggest that a national organization take care of a situation like this, a situation wherein we have the Department just trying to tear down the school lunch program and don't know what they are doing. We want to show them how silly they are. That is what we need to do, and we are going to do this. We are not going to go with these recommendations to the President this year. We are going to wait until we have him beaten and take it to the floor next year, and show the Department up, too.

So they might as well understand it right now.

Mr. **Fredrick**. Mr. Chairman, we have been speaking here about what problems we have with the school lunch program. I believe, Mr. Chairman, the greatest problem with the school lunch program is the excessive amount of bureaucratic regulations. It is choking them to death, as you have been told. That is just a part of it.

When I came to the school district out of business and came into Government, I found out what the laws were, and I found what the regulations were. Then I found out this: Congress last year passed 400 laws. Your bureaucrats passed 7,260 regulations telling us what you had in your mind, but you failed to put on paper. I don't believe them, because I have two Senators and a Congressman who are extremely intelligent men and I know that these stupid, inane regulations were not in their minds.

Chairman **Perkins**. I have been here 30 years plus. When I came here the regulations stated simply and in small words, what the Congress intended. You wrote 1 page then when you write 100 pages today. That is what we are trying to eliminate. You have so many smart people who feel that way in the Department. They want to carry on and try to demonstrate how shrewd they are to their superiors, and so forth. That is the answer that they gave me when I questioned some people about it not long ago in the Office of Education.

So, the same thing is true downtown in this Department, and we are not going to stand for it.

Mr. **Fredrick**. Could not Congress pass a law requiring that every bureaucratic regulation before it is implemented would have to come back to Congress and be passed on by a majority of both Houses?

Chairman **Perkins**. Absolutely. We could do that.

Ms. **Cagan**. They do have that in HEW, a 30-day period for review.

Chairman **Perkins**. We review all the regulations of HEW under the law, but we do not review any of the regulations of Agriculture. I just wish we did. We would have to amend the law to give us any oversight jurisdiction in that regard.

We are going to keep on, to see that they carry out the intent.

I have been fooling around with this school lunch program for 30 years. We are not going to let it turn back and go in the opposite direction.

Mr. **Farley**. Congressman, I happened to be over in Japan. I was in Japan in 1974 and was one of the three Americans who formed the Japanese school lunch. I was invited to Japan as a guest of the Government 2 years ago. I traveled the length and breadth of that country where I worked for 4 years. I was shocked and amazed that comparatively their viewpoint is so far ahead of ours. When I was in Japan as a conquering hero in the fall of 1945 within 3 weeks after the big bomb was dropped, I walked through Japan and I was a giant touring among the little Japanese and I am just a little American.

This time I came back and I went in the schools and the girls in high school were taller than I. You should see what school lunch has done for Japan.

We have a lack of vision in this country because we have no goals. We have no leadership in food and nutrition service worthy of the name. As a registered dietician, a working person who deals with the city, I went from city to city and town to town and I ate the lunches and I was amazed. In every city in every school in Japan there is a registered nutritionist, either trained after high school or postcollege or during college, assigned to these places to see that food is not only good and attractive and nutritious but the thing worked.

There is a goal in Japan and Japan coming from a bombed-out nation that I lived in, with nothing but smokestacks, there is now a nation of wealth, yes, but the children, the difference in their children is absolutely amazing, vibrant health. They say themselves it is school lunch that did it. It was the change in their diet that did it. We Americans who have never gone through bombing and defeat and lives shattered have never come to realize the importance of nutrition.

It is kicked around from pillar to post. We have poured out $26 million uselessly in nutrition educational things sponsored by food and nutrition services that didn't know what they are doing. Japan knows. Nothing goes into those schools unless it contributes to a formula for success in nutrition education.

They don't read it. I dealt with 60 schools of nutrition to write this up because we have the only dietician internship in America in school food service administration. We have had it for 10 years. We contacted 60 colleges of food and nutrition. What is it that we can do? They replied, 90 percent, of what they had, basic nutrition education for every teacher in the elementary school.

We said what subjects should they have? They said these are the subjects and they listed them. We said can you teach it? Eighty percent of them said we are already equipped to do it now. We poured $26 million down the drain on nutrition education because nobody in food and nutrition has a technical degree in food or health which is complex and never has been in the school system.

Sure, they have one hidden away to take the curse off what they are doing but that person is not in a decisionmaking place and that is what we need. When I was in Japan, Mr. chairman, I ate the school lunches and I said, "When I was here in 1945, 1946, 1947, 1948 I ate all Japanese food, rice and fish." I said, "Where is the rice and fish in the school lunch?" Because it was noticeable because of its absence. They said you do not have to teach a Japanese child to eat fish and rice. That is the difference here. It is educational, it has some good for children. They are eating whole grain bread. They are eating beef that they get from Australia and New Zealand and potatoes and whole milk.

The difference in the children is absolutely fantastic and amazing, and I have lived with them for almost 4 years. I was amazed at the difference in the health of the people. School lunch did it—4 to 6 inches taller than their parents and grandparents. It is because school lunch in Japan is educational, it is part of education and respected.

My wife and myself were invited into the royal residence. We were treated with great respect because I was a school lunch director. God, you have to go away from home to get that.

You see the difference in viewpoint, Mr. Chairman. We have been a third of a century without leadership. We have to have professional leadership in Washington. We can't have someone that is appointed there and going to do a great job and 3 or 4 years later plowing up the same ground we have plowed for 20 years and doing it badly and not even knowing what kind of food——

Chairman **Perkins**. I observe we are doing it worse than we did 30 years ago.

Mr. **Farley**. It was much better 20 years ago when I came in.

Chairman **Perkins**. It was much better 20 years ago than it is today. Why cover the the same ground today when we really plowed it 25 years ago and did a much better job?

Mr. **Farley**. If we had a national leader of stature and experience with professional training we would be going ahead instead of in all different directions. We wouldn't have these problems.

Ms. **Cagan**. I hate to disagree with Tom on the $26 million in the nutrition education fund as it came down to New York City. I think we are unique in the country. Seed grant money was given to New York City through the Office of School Food Services. Wouldn't you have liked that? It makes sense. Let me tell you some of the things we were able to do with that.

We are going, in those first grade and kindergarten classes, those early years, to introduce them to new foods before it is on the lunch menu. We have to use the lunch rooms as classroom laboratories so that the children can come in here and we have found that has reduced waste. We now have teachers eating with their classes as a result of the nutrition education and small grants. And principals liked the idea and teachers got involved.

We have family-style type of service in other schools as a result of one of the little grants. The little minigrants we gave out to try new ideas were fantastic because they were all tied up with the lunch service. There again the concept was great. We are having a fight now with New York State that wants to go back to doing it across-the-board State programs which they will administer from their high offices in Albany when I have publicly stated and I will state again that we have had experience with other title funds and they are afraid to come into New York City and some of those areas and we have found that the onsite little community tied up with school lunch programs is the best way to do nutrition education.

Chairman **Perkins**. Ms. Erdahl.

Ms. **Erdahl**. Thank you, Mr. Chairman.

I just want to add thanks—I know you have expressed it and I trust Mr. Goodling did for this panel—for Eric's participation. I have a son, Eric, about the same size and age as you are

These hearings are unbearably dull sometimes, they really are. This is one of the most interesting and lively ones that we have had. Even though the testimony from Milwaukee was different from the testimony from Las Vegas and New York, I think if I were to pick out three things that were consistent, if this lunch program is going to work is that first of all we have to have nutritious, attractive, tasty food. Another thing we must have is the student involvement.

The third thing seems to be an attractive surrounding, a pleasant lunch room. Maybe you have music in there or something else within the olive grey walls. Those are some of the observations I make that I think ran through all of your testimony.

One of the things that came to mind, and maybe this was asked in my absence, is about the commodity program which as Mr. Goodling said and which our distinguished chairman also made reference to, started out as a way to get rid of the excess agricultural production. How in the world can that be made to work better? I think the whole program is tied in, to the embarrassing surpluses we still have in this productive land of ours when we still have hungry people in this country and the world.

How can that be made to work? You were one of the first to mention it and were quite critical of how it worked.

Mr. **Farley**. As a food technologist, I don't deal in generalities. I did not go to college until I was 37 years old. I graduated 4 years later with a wife and two kids. I took it seriously and then I went into school lunch.

Specifically the shattering change in the commodity program is this. It originally was genuine surplus food which would level off the ups and downs in production and grant agricultural people, our farmers, a fair return on the work they had put in in raising the crops. It was good food.

Now this is all gone. The good food is siphoned off in many, many cases. We get some good food from the Government but there is much of the food that we are getting which is the type of foods which are relegated to substandard. They are saved up and then they are frozen and then they are prepared and packed and sold to the Government at outrageous prices.

Ms. **Erdahl**. What kind of food are you talking about?

Mr. **Farley**. I am talking about frozen chicken which was substandard. There are grades A, B, C. When you get below that you come to substandard. This was precooked, breaded. It was rancid. You could taste it when you got it. This dropped it into procurement No. 1. They said, we don't have grade substandard. They have procurement No. 1 grade. They never used to do this with Government commodities. We had good food, we had high quality food. We had canned chicken which is a disgrace. We had canned pork and canned beef which is so bad you cannot use it.

In many school systems and I have met with many city directors who say, well, we take it and we cut it about one part Government commodities with nine parts we buy so that it is acceptable to the students. I say this is nonsense. The price that is being paid is more than the price of good food.

We have cheeses, just to be specific, which are artificial cheeses and the Government said, "Hey, let us try artificial cheeses in cheese food." These things would gag a maggot. They are terrible. They bring them in. Nobody will buy them. It was a bad thing. "Let us give it to school lunch."

I have absolute records in my office about the acceptance by the Government of millions of pounds of substandard ground beef which was so bad that it failed Government inspection in a meat processing company in my own State of Wisconsin and it was rejected by the Armed Forces and then came into the school lunch and I saw why it was rejected. Anyone who is knowledgeable about food could see it as it came in, white with fat, the fat percentage way up, over 30 percent, black with dried blood. It was not processed in zero temperatures and the blood all ran out, gathered in the bottom and turned black.

We get this stuff. We have warehouses full of peanuts which we can't use. We can find ways of using it that are not allowed to count in our meal. You know, we had some of the Government inspectors who came around. They said, "You have counted this in. You can't count peanuts as a protein." Unknown to him it has higher protein than meat. I said, "We do count it." They said, "No, you can't count it. It is a nut." I said, "You idiot, it is a legume."

We have in the warehouses pork that is bad, this canned food that we get at immense cost. I am not talking about your requirement being so terribly different from mine. There are only two animals. There are only six vegetables you can serve hot. Can't they get their act together to have USDA grade A or B standards for the six hot vegetables you serve?

There is only a beef critter and a pork critter and there are a couple with feathers, chicken and turkey, and then there is fish. There is nothing strange and unusual with the things we have that the tastes in New York are different from the tastes here. What I am saying is this. We get all tied up in these things about you want cash rather than commodities. No, I don't want cash. Nobody in his right mind who knows food and merchandising and accountability would take cash because the Federal Government can buy high quality food which they buy for the Armed Forces, excellent food for the Armed Forces. They could use the same thing for us and get it cheaper because they are buying it for school lunches as well as the Armed Forces.

They don't use their own standards. They are using substandard in many cases. In some cases we happen to get good food. It is not that there is a great difference and we trade around. I am sick of paying warehousing and collecting it from the schools and shipping it back at terrific expense. No, there are only six hot vegetables and there are only a couple of meat critters.

Can't we get those things standardized and buy them at a decent price?

Ms. ERDAHL. Does the gentleman from Nevada have a comment on that area.

Mr. FREDRICK. I have a comment on that. I must say for some unexplainable reason over the past year the school district has received tons and tons and tons of peanuts. Now we have received a lot of peanuts. But we are using those peanuts——

Ms. ERDAHL. If the gentleman will yield, I don't know if the chairman can say this. I come from Minnesota, they don't grow peanuts, but they do in Georgia.

Mr. FREDRICK. We took peanuts and started counting them toward the protein in our type A lunch. One of the bureaucrats came out and said, "You can't count it." "Why?" "Because it is not in the book." "Peanut butter we count." He said, "Yes, but that is in the book." "I tell you what we are going to do. We will count the protein in the peanut the same quantity as you would on peanut butter."

He said, "You will lose your lunch reimbursement." I said, "If you do, I will take it to court and you prove to a judge that peanut butter is not made from peanuts."

We have not heard from him since.

Chairman **Perkins**. Have your peanuts increased in the last year or two?

Mr. **Fredrick**. It started 2½ years ago and they just came and came and came. We got solid peanuts, blanched peanuts, peanut granules, peanut butter, peanut oil and peanut shortening.

Chairman **Perkins**. You have had more peanuts in the last 2½ years than ever before?

Mr. **Fredrick**. That is the one thing. We are always using our innovative ideas to use in our lunch program that have really tried our innovative ability to use all those peanuts.

Mr. **Farley**. The sanctions imposed on the individual school district, no matter how you do, how well you cook, how well you train people, and these people who come around don't understand you train people, you work with the kids and principals, they don't understand this and they put sanctions on you.

Surprise, surprise, surprise, no matter how good you are you get sanctions and you had better not raise your head and fight or they will come at you with libel and slander, "Hey, it has been done, false official statement. They can't back it up."

They figure on intimidation. The sanctions always cover the cost of putting their aims and MTA teams into your city, into the hotels and eating their heads off for weeks at a time, totally uninformed people. Their expenses are all paid by the sanctions imposed against us.

We will never come out without sanctions. I think this is an adversarial position that our food and nutrition service takes against us who are running the school system.

Chairman **Perkins**. Have you been able to get an adequate supply of peanuts in the last 2 or 3 years?

Mr. **Farley**. Have we got peanuts. We have warehouses full of peanuts but we quit accepting the stuff 2 years ago. We won't take it. You know, the cute thing then, "Sorry, there is a law. Congress said if you refuse it you will get an equal amount of something else."

Well, we don't have it. They don't have it. So, you go without it. So you get unpleasant, then you get it. I have to be unpleasant.

Mr. **Taylor**. Let me support some of the things that have been said over here because as a building principal when the people from whatever State or Federal agency come to visit the schools the first stop they make is at the principal's office to tell them what they are going to do and they are going to inspect the school lunch program. They go visit the cafeteria and they do all these crazy counts he is talking about. Before they leave the last place they stop is the principal's office. We have been inundated with all of the crazy bureaucratic service serving youngsters or feeding youngsters, that seems to me not to be to anybody's consideration.

As a building principal I am tired of being told that in a thousand applications there are four that don't have the i's dotted or the t's crossed and therefore we are in trouble and will lose some kind of reimbursement. There needs to be some kind of human feeling to the whole question of food service. We tried to do that with our youngsters and somehow the other bureaucracies have to live with that.

I can tell you from the principal's point of view that the bureaucratic process in food service is horrendous. Thank God for Ms. Cagan whom I can live with very easily but in other places if you don't have a Ms. Cagan you are in serious trouble.

Mr. **Erdahl.** I have a couple of observations for our principal guests today. Three weeks ago I was in a hearing in Billings, Mont. There was a lady from Mudbank, Mont., and you can't get a place more different from New York City, telling that the deportment of children in the school was so different because of the attitude that carried over from the noon hour. I think that is a very relevant thing. The nutrition value of the food is important but it seems to me the deportment and also the grades are important, also.

There was remarkable similarity between people who have a nutritious meal and healthy surroundings and their conduct and grades.

Another thing that came up today is involvement of the older folks and senior citizens in the school lunch program. Two or three of you mentioned that. Do you have any difficulty as far as the funding of lunches? How does that coincide? How do you work that in Milwaukee with the senior citizens coming to the school instead of trucking food a hundred miles to some senior citizen center or church basement some place?

Mr. **Farley.** We put our local assemblyman to present a resolution in the State assembly and it went through the State assembly. Who is going to vote against people walking in the school and getting a school lunch for 50 cents? Everything is covered. In our school system in Milwaukee with our low priced lunch program, about the lowest in America, we cover all costs. You are going to cover the cost of feeding these old people at 50 cents a meal. After all, they built our schools with their taxes. This is forgotten.

This is not welfare. This is not welfare at all. You are going to bring them in and give them a good meal for 50 cents. Are you going to stick them out in the county hospital for a $100 a day at public expense? Why not let them spend their own 50 cents? When they come in the schools these are their schools.

Mr. **Erdahl.** How do the kids accept them?

Mr. **Farley.** That is another thing. These are voters. This is the segment of our population that votes, the senior citizens. I don't have to tell you people about this. When you are ringing doorbells in Milwaukee the greatest support we get is from this segment of the population in their sixties. They went to school when you memorized poetry and they believe in arithmetic and that stuff and American history.

They are about the only segment in America that loves schools and respects their schools and they built the schools with their taxes. Now they are living on $3.000 a year social security. They don't have money to go to these centers.

Now this is a powerful thing, the support you get from this tremendous voting segment. It is just another segment. I think it is great.

Mr. **Taylor**. We have in recent years defunded a program where we have had 45 youngsters from our school who worked in a senior citizen's center with senior citizens, helping them go to the store, do their shopping for them, spent a great deal of time with them. There was a tremendous acceptance on the part of the youngsters very easily of the senior citizens. It took the senior citizens a little longer to accept the young people because they were fearful of them. We found within a period of 2 to 3 months that there was such a tremendous rapport between the senior citizens and the youngsters that even though the program has been defunded there are still several young people who still go to see their parents, their grandparents as they call them, who still spend a great deal of time with them.

I think youngsters fool us. We adults judge youngsters in many, many ways that I think are wrong. I don't want to bring up other issues but we had a reporter come to school yesterday to question youngsters on the Iranian situation. He was convinced, because we are minority youngsters, that they would be very much against what the country was doing. To his amazement and to the credit of the youngsters they were all 100-percent Americans.

You see, we adults read youngsters differently. I think that youngsters will accept the adults. We have to be able to work with youngsters and understand youngsters and talk to youngsters and listen to youngsters. I have no question in my mind that in east Harlem with youngsters coming from east Harlem, south Bronx and Harlem who are supposed to be very difficult youngsters, that we will have no problem whatsoever with a senior citizens feeding program. I think it would do something for senior citizens, do something for our kids.

Mr. **Erdahl**. Thank you, Mr. Chairman.

Chairman **Perkins**. Let me make an observation here. I want to state that we will have these hearings next week on all this new paperwork system, which is contained in this pamphlet that you showed us here today. In one sense of the word that is disgraceful. These people who prepared that bulletin should go back and read what was going on in the school lunch program 25 years ago when we commenced to build this program. It is my hope that the American School Food Service Association can pay your expenses here next week to respond to some of these people downtown about eliminating paperwork.

Campaigns have run on eliminating paper work but we let the bureaucrats go ahead and create more paperwork than ever before. I think it is time for some of us to show how ignorant they are.

I hope you can come back here and listen to these people next week and then respond to them. In fact I would like to see all of you back if you have a way to pay your expenses.

Mr. **Fredrick**. When I came to the school lunch [illegible]gram I was unfamiliar with it. But I had good women who knew [illegible] the details. I went to the schools and I saw them making out what you call meal planners. Every time they made a meal they had to fill out everything that went on that meal and how many lunches. I said, "We are serving 16 lunches, not 1, 16 meal planners and 50 schools, 180 times a year."

I said: "That is 125,000 forms in triplicate. What do you want them for?" They said: "To show us on your Government six commodities times your factor count, you serve enough lunches to qualify."

I put a form out, I said. "Here is what it is. You put down the total amount of commodity—six commodities times your factor count. Then we will put down the number of type A meals. If the type A meals exceed or meet that, then we have met it." So for the last 7 years we have cut out 125,000 forms every year. We do not make meal planners. I sent this to the White House when they said they wanted ideas on how to cut paperwork. Maybe it got lost in the mail.

Ms. CAGAN. I would like to make a comment if I may. I am not a food person. I am a pedagogue. I started off as a teacher, became assistant principal and principal.

Then I was brought back to headquarters to supervise the program and all of a sudden I am in school lunches. The reason I am mentioning it is that when I became a teacher—I like kids you can see and I actually bought the school lunch, I thought they were pretty good. This was the old soup and sandwich days. I found if I bought the lunch and ate with the children they ate so much better, but I could not understand why under the table we had these slices of bread.

In this school alone we had 10 loaves of bread. They were forced to take the two slices which they cut in half and the other half would go down under the table.

Not knowing anything about school food regulations I said this is nonsense.

Mr. FARLEY. Where did you get the bread?

Ms. CAGAN. They were served it with their lunch. I went up and had a talk with this lunch lady. I said, "We don't want to waste food. What we will do is start them off with a half and then we will walk around with a tray and have them take the other half." And it was great. We cut out waste.

I did other things. For example, leftover food was kept for the program of the children whom we kept for remedial work 3 to 5, not put in the garbage pail. We didn't run the sewers white with the amount of milk that was going down the drain because of the badly planned meals and so forth. I laughed when 2 years ago I looked over the lunch program and read the laws and read the regulations and found that we had a much more reasonable and sensible program going 30 years ago than we seem to have now.

However I must disagree with Tom for one important reason. I am a fighter, just as Tom is, but you fight for what you want, not just sit back and say this is no good, let us throw it out, let us throw these people out. One of the things I have found is that there is absolutely no uniformity of application of the law and the regulations across this country. If you are in one regional area this is how they interpret the regs and hold you to it.

They were talking about counting the protein of the peanuts. That is right, it is stupid. I was in our regional office last week working with them. They don't even count the protein in the milk.

In fact, in the latest regulations for the first time they have acknowledged there is protein in milk.

I noticed in my first year many of these things and I brought it to the attention of the proper people. Maybe we had different kinds of people.

Turkey, for example. We have 1,200 sites in New York City, 400 of them are meal packs. About 200 are still those soup and sandwich, two burner stoves and so forth. So if you are ahead of the game and you are feeding kids since 1946 you never get any food assistance money because they are out drumming trade where people could not care less about feeding kids.

If the food directors shared their experiences we would really make a lot more progress than just talking. We found out in Bridgeport, Conn., they ate soup. They got loads of food assistance. We learned to get copies of court orders and so forth. There is always a lot of donated turkey. Some of my schools cannot put turkey into ovens because they have those two burner things. The only thing that came out of some of this turkey, if they process it, it was a roast. That is fine but we wanted other products.

Eighteen months ago I started to work with my regional office in the donated commodity program and they have developed the lowest nitrate and nitrite amounts in any processed meat and they have found that the processing companies can make turkey, frankfurter turkey, ham turkey, Canadian bacon, and I had a demonstration for my supervisors and didn't tell them what these products were made of——

Chairman **Perkins**. Let me interrupt at this point. We are going to have to go to the floor. I would like to ask Mr. Farley if he can find out before next week what it is going to cost the Department of Agriculture to put out this bulletin causing all of this extra paperwork and so forth.

Mr. **Farley**. The AIMS report. It is called the assessment improvement in monitoring system, AIMS, Department of Agriculture, Washington, D.C.

Chairman **Perkins**. Let me thank all of you for your appearance today. You have been most helpful. We appreciate it.

I don't think we have ever had a more knowledgeable panel before this committee. Thank you all .

Mr. **Farley**. Thank you, Mr. Chairman.

[Whereupon, at 12:20 p.m., the hearing was adjourned, subject to the call of the Chair.]

OVERSIGHT HEARINGS ON THE CHILD NUTRITION PROGRAMS

USDA Proposed Regulations for AIMS

WEDNESDAY, DECEMBER 12, 1979

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:20 a.m., in room 2261, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Andrews, Murphy, Kildee, Goodling, and Erdahl.

Staff present: John F. Jennings, counsel; Beatrice Ritter Clay, staff assistant; and Richard D. Di Eugenio, minority legislative associate.

Chairman **Perkins**. Let me say I am delighted to welcome all the witnesses here today to this oversight hearing on the USDA proposed regulations for AIMS.

In response to recent program audits conducted by the Office of General Counsel and the GAO, the Department of Agriculture has developed a proposed assessment, improvement, and monitoring system. The AIMS system is designed to improve the program integrity of the child nutrition programs.

Recent audits have disclosed that there are weaknesses in the fiscal accountability and meal quality of the child nutrition programs on both the State and local levels. I don't need to tell anyone here today that if there are weaknesses in the child nutrition program, I, as well as every other member of the committee, am in full support of efforts to strengthen program administration.

However, last week, I heard some rather disturbing reports from school lunch administrators on the impact of this proposed AIMS system on both the school lunch and breakfast programs. In my mind, their objections certainly warrant our taking a very close look at these regulations today.

In light of the fact that these regulations are still in proposed form, what we learn today could have a significant bearing on the final regulations. Therefore, I would like to welcome all of the witnesses here today. We are looking forward to your assessment of the AIMS system and any recommendations that you have for less burdensome alternatives.

Let's hear from the Department, first.

A PANEL CONSISTING OF MARGARET GLAVIN, DIRECTOR, SCHOOL PROGRAMS DIVISION, FOOD AND NUTRITION SERVICE, U.S. DEPARTMENT OF AGRICULTURE; THOMAS J. FARLEY, FOOD SERVICE DIRECTOR (RETIRED), MILWAUKEE PUBLIC SCHOOLS; GENE P. DICKEY, ASSOCIATE DIRECTOR, SCHOOL FOOD SERVICE DIVISION, NORTH CAROLINA DEPARTMENT OF EDUCATION; JOSEPHINE MARTIN, DIRECTOR, LOCAL SYSTEMS SUPPORT, GEORGIA DEPARTMENT OF EDUCATION; WARREN VANN, JR., CHIEF, DIVISION OF FOOD AND NUTRITION SERVICES, PENNSYLVANIA DEPARTMENT OF EDUCATION, ACCOMPANIED BY JOSEPH NAGY, DIRECTOR, SCHOOL FOOD SERVICES, PHILADELPHIA SCHOOL DISTRICT

STATEMENT OF MARGARET GLAVIN, DIRECTOR, SCHOOL PROGRAMS DIVISION, FOOD AND NUTRITION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Ms. GLAVIN. Thank you, Mr. Chairman. I guess I am pleased to be here today. I am Margaret Glavin, Director of the School Programs Division at the Food and Nutrition Service.

The national school lunch program, school breakfast program, and special milk program constitute one of the largest institutional feeding efforts in the world. Over 27 million children participate in these school feeding programs in 94,000 schools and institutions in nearly every community in America.

Chairman PERKINS. You tell Mr. Greenstein we welcome you here, and you are a better witness. but he is a good man to hide behind the bushes. You impart that to him. We know how he has hidden behind the bushes down there all the years, and we are still not going to let the school lunch program be cut back like he wants it cut back. You can impart that information to him, too.

Mr. GOODING. But you have to admit you went down to see Phyllis George yesterday, not the Governor of Kentucky, and this is better than Greenstein.

Ms. GLAVIN. Through the school feeding programs the Federal Government spends 3 billion tax dollars yearly with the objective of providing nutritious meals to students served by school food services. Assistance is given in the form of donated food and cash reimbursement for meals served. In addition, States are provided with State administrative funds to help cover the cost of administering school lunch programs. As the agency charged with Federal administration of these programs, the Food and Nutrition Service is responsible for insuring that school food service operations are nutritionally sound and responsibly administered at both the State and local school levels.

In recent years, national program audits conducted by the Department's Office of Inspector General and the General Accounting Office have revealed weaknesses in State and local management of the school lunch program, in terms of both accountability for Federal funds and the quality of the meals provided.

In some cases it was found that Federal cash reimbursement exceeded allowable costs, or that reimbursement was claimed for more free and reduced-price meals than the number of needy children approved for meals. In other instances, meals served failed to provide the type and quality of food required by the Department.

As you know, in 1978, Congress acted on this problem. The Agriculture Appropriation Act of 1979 earmarked $4 million for:

> Activities, including audits, to identify and take any needed corrective action concerning administrative problems in the school feeding programs—such as noncompliance with meal standards (or standards for implementation of) eligibility criteria and the submission of reimbursement claims which exceed actual meal costs.

In response to Congress concern, the Department has proposed an assessment, improvement, and monitoring system to help State agencies identify and correct problems in the way local school districts manage and use Federal program funds. AIMS sets performance standards for school food authorities in the following areas: First, application review procedures for free and reduced-price meals; second, counting, claiming, and costing procedures for meals served; and, third, nutritional integrity of meals claimed for reimbursement.

The standards are designed to address the following deficiencies in program operation: First of all, claims for reimbursements for meals served free or at reduced price to students whose eligibility is not properly established in school records. Our reviews and audits frequently found 8 to 10 percent of these applications invalid on their face. This means that the school had approved the application for a free or reduced-price meal, even though the information on the application was either incomplete or showed the applicant to be ineligible.

Audits have also found that some schools have submitted claims for more free and reduced-price meals than there are children approved for such meals. In an internal USDA analysis of a selection of 33 OIG audits conducted over fiscal years 1975–78, nearly 70 percent of the audits reported problems concerning improperly approved applications.

It should be noted that these problems are fully within the control of schools. The problems discovered here are not the result of false information being submitted by parents, but rather are the consequence of inadequate and improper procedures by schools in approving the applications they receive and in filing claims for reimbursement.

The second problem area is inadequate records of the actual number of free, reduced-price, and paid meals served. Of the 33 OIG audit reports analyzed, 45.5 percent found problems relating to inaccurate meal counts. In some cases, schools have computed paid lunches by subtracting from the daily total of meals served the number of free and reduced-price applications on file. Since not all students approved for free or reduced-price meals eat a lunch every day because of absence, this results in a claim for free meal reimbursement for some meals that really were served by paying children.

Incorrect claims also include meals delivered by a vendor or central kitchen, but not served, and ineligible meals, such as a la carte meals, or meals served to teachers, none of which are eligible for Federal reimbursement. Finally, some schools have claimed more total meals for reimbursement than the total average daily attendance at the school.

The third problem area is claims for reimbursement of costs not allowable or not properly documented.

Some school districts do not maintain adequate accounting records. In 12 of the 33 audit reports analyzed, there were instances of reimbursement exceeding documented allowable costs. Recent management evaluations found that States frequently fail to adjust reimbursement rates among school districts to reflect differences in local costs.

The fourth problem area, and this is perhaps the most important one, is failure to comply with meal pattern requirements. This is a major problem. In a study of the national school lunch program, lunches selected at random were tested by independent laboratories to determine whether school districts are serving meals which meet the meal pattern standards. Preliminary results of this study indicate that in the five school districts sampled, the percentage of meals not meeting the meal pattern standards ranged from 35 percent to 99.1 percent.

The General Accounting Office in a report dated June 15, 1977, also developed statistics demonstrating the severity of meal pattern noncompliance. The GAO report on a major city school lunch program indicated that 40 percent of all meals served failed to meet Federal requirements.

These findings emphasize the need to improve program integrity and to reduce waste and error and assure nutritional standards are met. The AIMS proposal was developed to achieve these objectives.

The new rules will require all States to monitor school meal programs on a regular basis, to identify problems, and to take corrective actions to insure that local programs are operating in accordance with Federal regulations.

The AIM system outlines how State agencies are to evaluate performance standards, how they are to take corrective action, and how they are to take fiscal action to recover funds improperly claimed by school food authorities.

The AIMS system provides for a review of each school food authority in the country at least once every 5 years. This is essential to assure quality control of all school nutrition programs. Larger school food authorities are to be reviewed by the State agency more regularly and more extensively than smaller school food authorities. The two largest school food authorities in each State as well as all school food authorities with enrollments over 40,000 will be reviewed on a 2-year cycle. All others will be reviewed on a 5-year cycle.

The AIMS system also provides that State agencies that fail to properly carry out the provisions of AIMS will be subject to sanctions applied to their school program SAE funds. Sanctions would not be fixed, but instead would be individually determined within specified ranges, depending upon the seriousness and the extent of the failure.

On October 25, the Department publicly announced the AIMS proposal and is seeking public comments through January 2. To assist the public in its understanding of the AIMS objectives, the Department has conducted seven regional public briefings. It is expected that these briefings will assist the public in developing more meaningful comments that will be of benefit to the Department in the finalization of the AIMS regulation.

As a result of these briefings and other meetings with interested State and local officials we are already aware of some of the concerns with our proposal. A major concern of the States is that the AIMS system layers yet another requirement on already overburdened State and local officials.

Mr. Chairman, the Department has no desire to increase the administrative burden of the school feeding programs. The AIMS system does not add a new layer of requirements. It formalizes current review requirements so that States conduct more standardized, comprehensive reviews of local school food authorities. The proposal allows States which have comprehensive audit and review systems in place to use them to meet the AIMS objectives.

It is important that State officials in their comments on the AIMS proposal identify those parts of the proposal which will cause a duplication of existing efforts. We welcome such comments and will be responsive to them.

In closing, Mr. Chairman, let me state once again our strong belief that the AIMS system will improve the quality of the child nutrition programs in our schools. We cannot allow for deficiencies in these programs to continue to go undetected and uncorrected. The Department's Inspector General regards the correction of these problems as one of the highest management priorities of the entire Department. AIMS provides for a systematic and comprehensive approach toward accomplishing these goals and insuring the integrity and nutritional soundness of the programs.

Chairman **Perkins**. Thank you very much.

Our next witness will be Mr. Gene P. Dickey, associate director of school food service division, North Carolina Department of Public Instruction, and I call on our good friend, Mr. Andrews, from North Carolina, to introduce this witness.

Mr. **Andrews**. I am pleased to do so, Mr. Chairman, and I will certainly be brief. Mr. Dickey has done a very good job in North Carolina with this most important program. I will not try to preempt what I believe he will say, but I am pleased to present, from North Carolina, Mr. Gene Dickey, the food service division associate director, department of public instruction.

STATEMENT OF GENE P. DICKEY, ASSOCIATE DIRECTOR, SCHOOL FOOD SERVICE DIVISION, NORTH CAROLINA DEPARTMENT OF EDUCATION

Mr. **Dickey**. Thank you.

Thank you, Mr. Chairman. I understand that we are under a tight time frame, so I will submit my testimony for the record and try to be brief and summarize those points.

Chairman **Perkins**. Thank you very much.

Mr. **Dickey**. I do appreciate the opportunity to provide testimony on the assessment, improvement and management system, which has been proposed by the Department of Agriculture's Food and Nutrition Service.

I would like, however, for us to review briefly how we arrived at the position where we are; so, therefore, I would like to highlight some historical aspects of the child nutrition programs.

In the late sixties, it was evident that considerable work was needed in this Nation in order that we would be able to eliminate poverty-related hunger. The legislation and resources at that time were not adequate. The National school lunch program at that particular point was reaching about 19 million children, of which about 2 to 2½ million were being reached at a free or reduced price to those individuals. We were plagued by low participation, inadequate free and reduced-price meals, almost no breakfast programs and a large number of schools without a food service.

Documented studies at this particular time were identifying this problem, and I believe it is important to understand that it was against that backdrop that the child nutrition programs were restructured and additional resources were made available at that particular time.

As a result of this backdrop and these additional resources the child nutrition programs were determined to be and identified to be one of the major components of the fight against hunger in America.

Consequently, a very aggressive campaign was begun, and over the next few years legislation was frequently revised, additional resources were made available, and performance funding was established, and, frankly, the officials at that time, public officials, were given the mandate to seek children out and make sure that they were reached and also to initiate additional programs.

Program regulations were revised which had rather elaborate outreach procedures, public announcements; eligibility standards were changed to insure that eligibility was determined on a self-declaration of individual families based on their income and size.

The fact of the matter is that at that time the audit reports and the GAO reports were bringing to task local and State administrators for being too restrictive and unimaginative in their efforts to reach children and establish new programs.

During this period we had many administrative and management questions that were raised concerning the programs. Decisions on these issues, however, were very often delayed or made on the basis of current priorities and the existing expansion philosophy that was prevalent at that particular time.

Consequently, there were many program policies that were either defined with considerable latitude or they just did not receive the appropriate attention that many felt they should receive.

Also, training, technical assistance and guidance was severely diluted in this particular period. Therefore, I feel that it was inevitable that the child nutrition programs would be questioned as they grew, as they expanded, and as our national priorities shifted.

That is precisely what we have today. We have a program that has expanded rapidly and is extremely successful in light of the originally stated objectives that we operated the program under at that time, but one that is now being challenged on the basis of accountability and utilization of resources.

Recent studies have shown that we have made considerable progress. We are now reaching 27 million children, and about 13 million of those children are being reached at a free or reduced price. Malnutrition is being reduced. However, this program continues to be operated under the existing legislation and influenced by those original objectives and philosophies.

It becomes extremely easy to criticize a program when its initial objectives have been accomplished or when, as far as some people are concerned, they are out of step with current priorities or philosophies.

I believe it is important to note, however, as national concerns change, that it is necessary to accommodate this with additional legislation, regulatory or administrative fine tuning, because if one does not do this, it is impossible to superimpose a precise management system on a program as finite as the AIMS system proposes.

There are those who believe that the school food service programs today are being managed casually and that a national management model precisely drawn with sanctions is necessary in order to get the attention of State and local officials.

The data being used as a basis for AIMS is questionable. The justification is partially based on USDA audits, OMB summaries, and GAO findings. These are not nationally significant. The summer program, to draw a parallel, is being administered today by a set of regulations that were developed on the basis of findings from a few major cities.

A cursory review of those regulations will demonstrate just how complicated, work-intensive, and technical they are. Additionally, before this data is accepted, it would be appropriate for a more detailed analysis to be performed concerning the methodology, the procedures, and the implications of such data that is being used as a justification.

The national cost of implementing the AIMS program should also be carefully studied.

Over the years, the lateness of regulations, irregular fiscal policies, and lack of guidance and training have paralyzed certain aspects of the child nutrition programs. This leaves on many occasions State and local officials with only one alternative: to continue feeding children; to do the best they can; and to take the risk that their decisions will be supported.

The child nutrition programs are extremely complex. They involve 11 Federal accounts, 90,000 schools with an enrollment of approximately 46 million children. A mandated management system such as AIMS will not insure that all of these program participants in these numbers will fall into ranges as precisely as this system envisions.

Perhaps our current regulations and policies may be out of step with national priorities, but program administrative and regulatory decisions are needed along with some positive action when discrepancies are found instead of a national management system.

Local and regionalized information should not be used to discredit a nationwide program or to justify a national system that is not applicable to all States and jurisdictions.

AIMS is another system overlay which is designed to correct the ills of a successful program, which, according to some, is not in keeping with contemporary philosophies. For years, the USDA has managed an evaluation and audit program. They have been effective in identifying certain problems by type and location. However, this is another example of establishing a requirement, emphasizing its implementation and then changing direction.

Originally, all programs were to be audited every 2 years. It was later interpreted that only the financial management system of the LEAs need be included. This reduced the audit effectiveness and, as a result of this, years could pass before child nutrition programs were included. Fortunately, most States continued their audit program as originally structured. However, this depicts how unrealistic a national methodology can be.

The AIMS system will require additional personnel and travel. This comes at a time when States have instituted employment ceilings and are concerned with expenditure levels and energy utilization. It ignores the multitude of State management systems that are currently in place, and the fact that they are continuously identifying problems and taking corrective action.

State and local governments are in a better position to structure and implement their audit and management programs. The audits performed in North Carolina indicate an error rate in free and reduced-price meal applications of less than 3 percent. When this occurs, we establish overclaims. I am sure that there are similar examples in other States.

One of our primary responsibilities at the State level is to train, direct, and provide assistance to local educational agencies. This effort will severely diminish as a result of AIMS. The North Carolina staff is made up today of approximately 50 persons. We project, to implement AIMS, that 7 additional positions will be necessary and that is only if the current monitoring efforts in child care and technical assistance are substantially reduced.

The current pattern in Government is to use resources for the issuance of regulations and the performance of audits without providing time for training and implementation. In recent years, the Department of Agriculture's technical assistance effort has been severely reduced. This is a dangerous trend as programs and regulations become more complex.

The AIMS program will have the same effect on State agencies because it is work-intensive and acknowledges no tolerances in the course of performing reviews. This will result in termination of many programs because local administrators will decide that the risk of administering the school lunch program is just too great.

The AIMS program will require the targeting of review activities to schools with the largest number of free and reduced-price meals. This will, in fact, encourage increased attention to those schools at the expense of others. As a matter of fact, it could result in relaxing supervision in those schools that knowingly will not be included in the review.

There are concerns relating to the calculation of overclaims. The amount of overclaim for the same violation will be dependent upon the time of year the review is performed. Those reviewed toward the end of the year will not receive equal treatment under the system for the same violation. Consequently, it is advantageous to the LEA to have the AIMS review as early in the year as possible.

The method of calculating the overclaims pertaining to the nutritional integrity of the meal is also very crucial. Of particular importance is the methodology which would be proposed later concerning the required quantities of food.

This is a particularly difficult issue, particularly when we are faced with such issues as offered versus served, problems of labeling, standards of identity. As with the other standards proposed in AIMS, I feel it would be much sounder to develop the policy first and then the performance standard.

We recognize that there is a need to address accountability and nutritional integrity of meals. In the child nutrition programs Congress recognized this and identified $4 million in the fiscal year 1979 budget to be devoted to such activities. They did not, however, direct that a national management system be developed in order to accomplish this.

The national implementation of AIMS will greatly exceed the $4 million authorized under this budgetary provision and will be at the expense of other high priority areas in the program.

We would support a performance standard or set of performance standards with reasonable tolerances for State agencies which would be monitored through the FNS management evaluation system. Obviously, these standards should be measurable and established on program policy. Violations which exceed acceptable tolerance levels could be a basis for requiring a system such as AIMS to be implemented in certain locations.

This would provide State agencies with the flexibility needed to address the program requirements through their management system. It would also eliminate the need for a standard nationwide management system, allow States to target their resources to those localities which needed the assistance and needed to have programs identified, and at the same time provide a set of standards for the Food and Nutrition Service to measure the effectiveness of each State.

Mr. Chairman, that concludes my statement.

Chairman **Perkins**. Thank you very much for a good statement.

Our next witness is Mr. Warren Vann, chief of the division of food and nutrition, and I am going to call on my colleague, Mr. Goodling, to make the introduction.

Mr. **Goodling**. I am very happy that Mr. Vann is with us representing the great Commonwealth of Pennsylvania. Mr. Vann is the chief, division of food and nutrition services, bureau of management support services, in the Pennsylvania Department of Education.

I have met Mr. Vann on several other occasions, and I am sure, although I haven't read all of his testimony, it will be to the point and give us some real food for thought. So I am very happy to have you with us today, Mr. Vann.

[The prepared statement of Warren Vann follows:]

PREPARED STATEMENT OF WARREN M. VANN, JR., CHIEF, DIVISION OF FOOD AND NUTRITION SERVICES, BUREAU OF MANAGEMENT SUPPORT SERVICES, PENNSYLVANIA DEPARTMENT OF EDUCATION

Mr. Chairman, and members of the Committee: I am Warren Vann, Chief of the Pennsylvania Department of Education's Division of Food and Nutrition Services. I come before this committee as a former director of the Pennsylvania Bureau of Government Donated Food, a member of the American and Pennsylvania School Food Service Associations. I am also a father of a six year-old daughter who enjoys the benefits of the National School Lunch Program and my wife recently initiated a Women's, Infant's and Children's (WIC) program in the Community Health Center in Harrisburg.

I appreciate the opportunity to share with you my concerns for the Assessment, Improvement and Monitoring System as proposed by the U.S. Department of Agriculture. I am extremely concerned that the overzealous concern with budget balancing and the recovery of federal funds has clouded the thinking of the designers of this management system. It appears that we have lost track of the idea that federal and state governments have a responsibility to help local sponsors provide nutritional meals to children. Over the last few years of my involvement in these programs, it has become apparent that our concern for protecting the integrity of the federal tax dollar is considerably more highly emphasized than our concern for meal quality and nutritional services to children.

On page 62460 of the October 30, 1979 Federal Register under the heading of Sanction Areas, the following key issues are raised:

1. "*Outright failure to initiate and carry out AIMS reviews.*" This threat with no clarification on how USDA plans to reach their justification for decisions is a matter of grave concern. What recourse will state agencies have to challenge USDA decisions? We must also know who will run the programs after U.S. Department of Agriculture imposes a sanction and takes our SAE money. I believe it is critical to clearly establish the complete cause effect relationship.

2. "*Failure to conduct required number of reviews.*" In Pennsylvania, there are ten people who, believe, will be able to conduct 1,000 administrative reviews under the AIMS or any other system each year. Based on our initial analysis of the criteria that has been proposed, we will have no problem meeting this goal. I support establishing a formal process for determining the number of reviews to be done annually. Clear and logical goal setting is a commendable process. However, in many states hiring freezes could strangle state administrative Child Nutrition Program management.

3. "*Failure to cover the six performance standards in AIMS reviews.*" It appears that the intention is to find fault—punish schools—recover funds. Is USDA saying:

Do not use reviews as a management tool.
Do not help those who need help.
Do not educate the uninformed.
Do not manage.
Do audit.

4. "*Substantial failure to detect existing violations of the six performance standards.*" This sanction area works to bring statistical sampling from the summer program to the lunch program. This appears to be their justification for second guessing state staff decisions. A handout which was disseminated by USDA at their AIMS conference November 14, 1979 outlines several aspects of the AIMS proposal. Under the State Agency Responsibility section it is stated that, "When a statistical sample is reviewed, claims must be assessed based on statistical projections for the period of the review across the school food authority."

We have hired food and nutrition advisers in the past. These people have expertise in food preparation, sanitation, nutrition and related fields. This proposed section of the system could only be properly carried out by auditors. Additionally, in the Mid-Atlantic region of the U.S. Department of Agriculture, food stamp regional office people are being trained to do school reviews. I am sincerely concerned that these people will begin to second guess our experienced field staff and federal-state controversies will ensue.

5. "*Failure by the state to provide timely program reports.*" We must provide timely information to those people and agencies who receive the benefits of the Child Nutrition Programs. However, it is extremely difficult to organize staff along lines which allow for time to be spent simply sending reports to the U.S. Department of Agriculture. We all work diligently accumulating data and filing reports. Unfortunately, much of the information which is requested each year has no potential managerial value to state agencies. It appears that we could be penalized for not hiring more people simply to push papers and provide statistics to USDA. The intention of this section of the proposed regulations clearly violates the concept of paperwork reduction that has been proposed in federal legislation several times during the last few years.

In 1977 when Public Law 94-105 was passed, a full cost accounting system was mandated by the Congress. A variety of problems have developed because school districts have not learned to properly account for the full cost required to serve meals to children. However, at the local level we have been working diligently to implement the system. In many cases we have not had sufficient USDA advice and support. The increase in proper accountability in the Commonwealth of Pennsylvania leads me to believe that we are moving in the right direction. However, the AIMS System is designed to penalize rather than educate. We are required by this system to seek out problems and to recover funds.

Specifically, the Department of Agriculture has stated in their proposed regulations that "when the state agency is conducting a first review of any school food authority, and finds serious problems before visiting the required number of schools, the review can be suspended and superseded by corrective actions. Claims must be assessed for violations found at the schools that are visited."

I contend that once a problem has been identified it is appropriate to determine if a financial sanction should be imposed. The proper question which should be decided by the state agency is whether or not punishment in the form of a financial sanction is the appropriate course of action or if recommendations should be made which will enable the local administrator to know how to properly conduct the operation.

In many cases school boards, school administrators and local constituents have taken the point of view that child nutrition programs are nice to have but that they are not absolutely essential. In the U.S. News and World Report of October 18, 1976, an article was published which raises questions about growing educational values and social programs. Specifically, they state "that in addition to teaching academic subjects, schools today usually provide lunch and often breakfast, operate huge transportation systems for students, and offer a variety of cultural and recreational programs." I am concerned that more and more people today consider child nutrition programs to be an unecessary extra. If we do not have the flexibility to negotiate with school administrators, to educate, to advise and to provide technical and consultative services, we will only have the responsibility to find problems and to impose financial sanctions, a negative responsibility at best. It is critial that we take a look at the administrative trends which we are involved in and that we design a system which will serve us both now and in the future.

It is appropriate that we standardize the requirements for the number of administrative reviews which should be conducted annually. It is absolutely proper for us to make sure that reimbursement does not exceed program costs. I also support the idea of verification that all components of the meal, whether through offer versus serve or a traditional Type "A" meal or some new system, are met on a daily basis. We must be able to report to you, the United States Congress, to our local school authorities and to parents that the National School Lunch Program does in fact provide a service; that it is a nutritional program with a measurable value and that it is in the best interest of our national seurity. Every time one of our staff goes out to a school to determine exactly how the program is functioning, we make recommendations for improving the expanding services. We are, in fact, educating and serving rather than investigating and punishing.

Ultimately, we must be concerned with whether or not school administrators believe that they can continue to accept U.S. Department of Agriculture child nutrition funds. More and more frequently USDA attaches too many narrow restrictions which obligate time and involve paperwork beyond the capabilities of the average school system. It is my opinion that the frequency of administrative reviews required by the AIMS System is designed to supplant audits. I suggest that subjects like full cost accounting, double entry bookkeeping, perpetual inventory and free and reduced price meal application processing detract from the time required to properly plan, prepare and serve nutritious meals to children. It is difficult to know if we are involved in the development of a system which purports to help us protect the integrity of the programs or if we are involved in the development of a system which is designed to reduce the agricultural budget. On the other hand, I cannot endorse the wholesale distribution of federal revenues without accountability. Therefore, I must say that many of the aspects of this program are truely commendable.

The concept of mutual cooperation has clearly been ignored by the designers of the AIMS regulations. I firmly believe that the school superintendent, business manager, building principal and classroom teacher are critical to successful National School Lunch Programs. These people all get involved in free and reduced meal review, approval and implementation systems. We must be allowed to educate them, not be required to disenfranchise them. The AIMS program seems to put their free and reduced meal application approval responsibility under such close scrutiny that continued cooperation may not be assured.

Mr. Chairman, please help us make the National School Lunch Program better than it has been in the past. Please help us build on a solid foundation of proper management. Please help us continue to serve a legitimate need. Do not allow

USDA program regulators to make school lunch program management as awkward and difficult as summer feeding program management. We can protect the integrity of our tax dollars, without segments of the proposed regulations which circumvent principles of good management.

Thank you for your kind consideration of my comments. I hope that my few ideas will help your understanding of these important issues. The staff of the Department of Education in Pennsylvania stand ready to assist you in your deliberations.

STATEMENT OF WARREN VANN, CHIEF, DIVISION OF FOOD AND NUTRITION, PENNSYLVANIA DEPARTMENT OF EDUCATION

Mr. VANN. Thank you very much, Mr. Goodling, and thank you, Mr. Chairman.

I am Warren Vann, chief of the division of food and nutrition services in our department of education. I am a former director of our State's bureau of government donated food. I am a father of a child who does participate in the national school lunch program, and my wife recently initiated a women's, infants' and children's program in the city of Harrisburg. In that perspective, I have some involvement in a variety of child nutrition programs.

I appreciate the opportunity to share with you my concerns for the assessment, improvement, and monitoring system, which USDA has proposed. I am extremely concerned that the overzealous concern with budget balancing and the recovery of Federal funds has clouded the thinking of the designers of this management system.

It appears that we have lost track of the idea that Federal and State governments have a responsibility to help local sponsors provide nutritional meals to children. Over the last few years of my involvement in these programs, it has become apparent that our concern for protecting the integrity of Federal tax dollars is considerably more highly emphasized than our concern for meal quality and nutritional services to children.

Mr. Chairman, I would like to paraphrase some components of my testimony today and skip to an area which I believe is critical.

In 1977, when Public Law 94-105 was passed, a full cost accounting system was mandated by the Congress. A variety of problems have developed because school districts have not learned to properly account for the full cost required to serve meals to children.

However, at the local level, we have been working diligently to implement the system. In many cases we have not had sufficient USDA advice and support.

The increase in proper accountability in the Commonwealth of Pennsylvania leads me to believe that we are moving in the right direction. However, the AIMS system is designed to penalize rather than to educate. We are required by this system to seek out problems and to recover funds.

Specifically, the Department of Agriculture has stated in their proposed regulations that when the State agency is conducting a first review of any school food authority, and finds serious problems before visiting the required number of schools, the review can be suspended and superseded by corrective actions. Claims must be assessed for violations found at the schools that are visited.

I contend that once a problem has been identified, it is appropriate to determine if financial sanctions should be imposed. The proper question which should be decided by the State agency is whether or not punishment in the form of financial sanctions is the appropriate course of action or if recommendations should be made which will enable the local administrator to know how to properly conduct the operation.

In many cases school boards, school administrators, and local constituents have taken the point of view that child nutrition programs are nice to have, but they are not absolutely essential. U.S. News & World Report, October 18, 1976, an article was published which raised questions about growing educational values. Specifically they stated that in addition to teaching academic subjects, schools today usually provide lunch and often breakfast, operate huge transportation systems for students and offer a variety of cultural and recreational programs.

I am concerned that more and more people today consider child nutrition programs as unnecessary or extra.

It is appropriate, however, that we standardize the requirements for the number of administrative reviews which are conducted. It is absolutely proper for us to make sure that reimbursement does not exceed program costs. I also support the idea of verification that all components of the meal, whether through offer versus serve, or a traditional type A meal or some other new system must be verified on a daily basis.

We must be able to report to you, the U.S. Congress, to our local school authorities, to our parents, that the national school lunch program does, in fact, provide a service; that it is a nutritional program with a measurable value, and that it is in the best interest of our national security.

Every time one of our staff goes out to a school to determine exactly how the program is functioning, we make recommendations for improving and expanding services. We are, in fact, educating and serving rather than investigating and punishing.

Ultimately we must be concerned with whether or not school administrators believe they can continue to accept USDA child nutrition funds. More and more frequently, USDA attaches too many narrow restrictions which obligate time and involve paperwork beyond the capabilities of the average school system.

It is my opinion that the frequency of administrative reviews required by the AIMS system is designed to supplant audits.

I suggest that subjects like full cost accounting, double entry bookkeeping, perpetual inventory, and free and reduced meal application processing detract from the time required to properly plan, prepare, and serve nutritious meals to children.

It is difficult to know if we are involved in the development of a system which purports to help us protect the integrity of the program, or if we are involved in the development of a system which is designed to reduce the agricultural budget.

On the other hand, I cannot endorse the wholesale distribution of Federal revenues without accountability. Therefore, I must say that many of the aspects of the program are commendable.

The concept of mutual cooperation, though, has clearly been ignored by the designers of AIMS. I firmly believe that the school superintendent, business manager, building principal, and classroom teachers are critical to successful national school lunch programs.

These people all get involved in free- and reduced-meal reviews, approval, and implementation of systems. We must be allowed to educate them, not be required to disenfranchise them. The AIMS system seems to put their free- and reduced-meal application approval responsibilities under such close scrutiny that continued cooperation may not be assured.

Mr. Chairman, please help us make the national school lunch program better than it has been in the past. Please help us build on a solid foundation of proper management. And please help us continue to serve a legitimate need. Do not allow USDA program regulators to make school lunch program management as awkward and difficult as summer feeding program management. We can protect the integrity of our tax dollars without segments of the proposed regulations which circumvent principles of good management.

Thank you for your kind consideration of my thoughts.

Chairman **Perkins**. Thank you very much.

Now, Mr. Joseph Nagy, the director of school food services.

Did you want to say something?

[The prepared statement of Joseph Nagy follows:]

Prepared Statement of Joseph R. Nagy, Director, Food Services Division, School District of Philadelphia

Mr. Chairman and Members of the Committee, I am Joseph R. Nagy, Director of the Food Services Division of the School District of Philadelphia. I appreciate this opportunity to share with you my concerns on the assessment, improvement, and monitoring system and changes to Part 210 of the National School Lunch Program as proposed by the United States Department of Agriculture. I also am extremely concerned with the overzealousness on budget balancing and the recovery of federal funds which seems to have overshadowed the main concept of the National School Lunch Programs.

What is the real purpose of the overall AIMS system? It seems that sanctions and methods of dealing with violations take up the greatest portion of this proposal. Our concern is this; is the primary purpose of this proposal to help and assist school districts in being able to correctly administer their lunch programs or a license for a witch-hunt. In Section 154, titled "Funding," it seems to promote activity by the state in the various school districts in order to safeguard their SAE funds. It states "Substantial failure to detect existing violations of the six performance standards" equals loss of SAE money. Historically, it seems that any agency that is in danger of losing funds from year to year unless they maintain a certain level of expenses or fault finds will push to maintain those levels whether justifiable or not.

If the proposed two year review cycle is put into effect, what it would mean is that large school districts, i.e., Philadelphia, Pittsburgh, New York, Chicago, and so on, would be reviewed every other year. On the off years it would be fair to assume that they might have a USDA audit. Therefore, in essence, they would have an audit or "review" every year.

Presently in school districts, the pressure from federal, state and local politics, parent groups and other citizens advocate groups, etc., already bite heavily into the time of the Food Services Division. Our concern is that the AIMS does not become another time consuming entity but rather an aid to improving the National School Lunch Program.

PROPOSED CHANGES—PART 210—NATIONAL SCHOOL LUNCH PROGRAM

Under reviews of school food authorities, the initial review period is defined as between October 1 and December 31. In many school districts, getting the facts necessary to have the currently enrolled children's applications for free and reduced price meals by October 1 is unrealistic.

Statistical samples should not be allowed to be used—they could be biased and unfair, for they project individual problems across an entire school district. This could be devastating to a school district, and is unnecessary.

School food authorities do err sometimes, but usually endeavor to correct their mistakes. However, there can be individual schools in a system that for one reason or another may be out of step. It seems unfair to "stat" sample and then condemn the entire district, for the shortcomings of a few individual schools.

In my own School District of Philadelphia, tremendous effort has been put into our present system of checks and balances in cooperation with the State authority on monitoring of the National School Lunch Program. As some of you may recall back in 1975, our system was considered as being less than perfect. We had problems in accountability of meals, incomplete applications, missing applications, you name it, we had it. Since then, with the cooperation of both the State and Federal agencies, we have inaugurated a tightfisted control over eligibility applications and meal accountability. Even with the tremendous strides that have been made and the constant emphasis placed on accountability, we still have some minor problems with the individual schools. These problems are mainly centered in the area of receiving the eligibility applications properly filled out and back in time. In many instances, we have to return them three and four times to the parents. It would be unfair to "stat" sample these schools and then penalize our entire school district. I have attached a sample of the original letter mailed out to the parents and principals, and the followup that goes out when the applications are not received on time.

A possible alternative would be the right of conversion to universal reduced meals for any school district where the free and reduced meals account for over 80 or 90 percent of the meals served. This would reduce accounting and eligibility applications costs considerably. Applications could be sent out every 3 years to verify that a school system is still in this 80 or 90 percent category.

The integrity of the present system could be improved if, instead of the parents filling out the present form of eligibility application, a new simpler form could be used wherein the head of the household would merely insert the adjusted net income from their IRS 1040 form. This figure would be equitable because it takes into consideration all of the usual expenditures; that is, medical bills, interest payments and dependents, et cetera. In conjunction with this, if income guidelines could be published in April, forms could then be sent to the parents and eligibility determined before school closes in the summer. This would permit accurate and correct claims, counts, et cetera on free and reduced meals to be put into effect at the opening of school, in September rather than as they are presently, in October or November.

In summation, I hope that whatever changes you will make will not only protect the integrity of the tax dollar but also improve and not harm the National School Lunch Program. Thank you for your consideration of these comments, and I'll be happy to answer any questions you may have at this time.

THE SCHOOL DISTRICT OF PHILADELPHIA,
BOARD OF EDUCATION,
21st Street S. of the Parkway, September 5, 1979.

To: All Principals With a Lunch and/or Breakfast Program.
From: Richard D. Hanusey, Associate Superintendent for Field Operations; Joseph R. Nagy, Director, Food Services.
Subject: Information Pertaining to Free or Reduced Price Meal Applications.

1. Applications for the 1979-80 school year are being shipped under separate cover.
2. If you need Spanish applications, please call 299-7183 and request same.
3. Only pupils who have an approved or pending 1979-80 school year application on file are eligible to receive a free or reduced price meal; all other pupils pay the regular established price of the meal. There must be no exceptions.
4. A parent may file an application for free or reduced price meals for each child at any time during the school year, and if approved, the pupil becomes eligible on the date of approval.
5. In cases of foster/institutionalized children, the child is to be classified as the only person in the household; also, the income section must be completed with the amount received or allocated for that child. See enclosure reference to foster/institutionalized children.
6. All applications approved for free or reduced price meals must have "Number of Persons in Household" and "Household Income" sections completed; there must be no exceptions.
7. The "Food Services Administration" copy of all applications for free or reduced price meals is due in Food Services by November 1, 1979. Copies received after that date are to be forwarded to Food Services at the end of each week. Submit to: Food Services Central Office, J.F.K. Center, 734 Schuylkill Ave.—4th Floor.

8. All copies of applications must be either signed or stamped with the principal's signature; this is particularly important regarding the school copy which is retained as the official copy.

9. For additional information see Food Services Division Policy and Procedures Manual (Section 4.4), or call the Food Services Division.

Thank you for your cooperation.

The School District of Philadelphia,
Board of Education,
21st Street S. of the Parkway, September 5, 1979.

To: All Principals With a Lunch and/or Breakfast Program.
From: Richard D. Hanusey, Associate Superintendent for Field Operations; Joseph R. Nagy, Director, Food Services.
Subject: Guidelines for Processing Free or Reduced Price Meal Applications.

The following guidelines may serve to reduce the amount of exception notices being sent to the schools:

Application number.—Please use strict numerical order with school code. Example: 101-1 (School Code 101—Application No. 1). A column is provided for room number when needed.

Transfer number.—Please advise Food Services when a student transfers in or out or when dropped from school rolls, showing original application number and new number where applicable.

Foster child.—Family size—list as one. Income—amount received for child must be shown.

Insitutionalized child.—Family size—list as one. Income—may show as "none".

Income.—Complete only one column. DPA/Unemployment compensation dollars must be listed.

Household expense.—Must be itemized. (Mortgage/rent, gas, electric, heat, taxes only.) Only those amounts over 30 percent of income may be deducted.

Approved/denied block.—Be sure to complete the section.

Reviewed by Signature.

Thank you for your cooperation.

The School District of Philadelphia,
Board of Education, John F. Kennedy Center,
Philadelphia, Pa., October 25, 1979.

File No. 412.

To: Principals.

From: Dr. Richard D. Hanusey, Associate Superintendent for Field Operations; Joseph R. Nagy, Director, Food Services Division.

Subject: 1979–80 Confidential Applications for Free or Reduced Price Meals.

1. As of November 5, 1979, only pupils who have an approved or pending application on file for the current school year may receive a free or reduced price meal. All other pupils who wish a breakfast or lunch must pay regular price.

2. A parent may file an application for a free or reduced price meal anytime during the school year, and if approved, the pupil becomes eligible on the date of approval.

Questions may be directed to Mr. Calvin Wesley, at 299-7582.

The School District of Philadelphia,
Board of Education, John F. Kennedy Center,
Philadelphia, Pa., December 11, 1979.

File No. 412.

To: Principals.
From: Joseph R. Nagy, Director, Food Services Division.
Subject: 1979–80 Applications for Free or Reduced Price Meals.

A recent review of our files indicates that we have not received copies of the 1979–80 Confidential Application forms for your school. However, we notice that you are continuing to serve free and reduced meals. On October 25, you should have received a letter from Dr. Hanusey and myself, stating that November 5 was the deadline for serving free or reduced meals with approved applications on file. Please advise as to why you are not able to comply.

STATEMENT OF JOSEPH NAGY, DIRECTOR, SCHOOL FOOD SERVICE, PHILADELPHIA SCHOOL DISTRICT

Mr. NAGY. I have a very short list of comments.

Chairman PERKINS. Without objection, we will put your statement in the record and summarize it.

Mr. NAGY. Mr. Chairman and members of the committee, I am Joseph Nagy, director of food services division of the school district of Philadelphia, and I appreciate this time that is spent with you.

Our concern is, what is the real purpose of the overall AIMS system? It seems that sanctions and methods of dealing with violations take up the greatest portion of this proposal. Our concern is this: Is the primary purpose of this proposal to help and assist school districts in being able to correctly administer their lunch programs or a hunting license?

In section 14, titled "Funding," it seems to promote activity by the State in the various school districts in order to safeguard their SAE funds. In essence, "substantial failure to detect existing violations of the six performance standards" equals loss of SAE money.

If the proposed 2-year review cycle is put into effect, what it would mean is that large school districts, such as my own, Pittsburgh, New York, Chicago, and so on, would be reviewed every other year. On the odd years, it would be safe to assume that they might have a USDA audit. Therefore, in essence, they would have an audit or review every year.

Presently, in school districts, we have great pressure from Federal, State, and local politics, parent groups, and other citizen advocate groups, et cetera, which already bite heavily into the time of the food services division. Our concern is that the AIMS does not become another time-consuming entity but rather an aid to improving the national school lunch program.

Under reviews of school food authorities, the initial review period is defined as between October 1 and December 31. In many school districts, getting the facts necessary to have the currently enrolled children's applications for free and reduced price meals by October 1 is unrealistic.

Also, STAT samples should not be allowed to be used; they, in many instances, are biased and unfair, for they project individual problems across an entire school district and penalize a school district.

As an example, in my school district of Philadelphia, tremendous effort has been put into our present system of checks and balances in cooperation with the State authority on monitoring of the national school lunch program. As some of you may recall back in 1975, our system was considered as being less than perfect.

We had problems in accountability of meals, incomplete applications, missing applications, you name it, we had it. Our rate was far in excess of 10 percent. Since then, with the cooperation of both the State and Federal agencies, we have inaugurated a tight-fisted control over eligibility applications and meal accountability.

Even with all of these controls, we still have some minor problems with the individual schools. These problems are mainly centered in the area of receiving the eligibility applications properly filled out and back in time. In many instances we have to return them three and four times to the parents.

It would be unfair to STAT sample these schools and then penalize our entire school district. If that would have happened back in 1975 with the fines that would have been imposed with the sanctions, we would have had to drop out of the national school lunch program.

A possible alternative to improve the integrity of the present system instead of the parents filling out the present form of eligibility application, maybe a new simpler form could be used wherein the head of the household would merely insert the adjusted net income from their IRS 1040 form.

This figure would be equitable because it takes into consideration all of the usual expenditures; medical bills, interest payments, and dependents, et cetera. In conjunction with this, if income guidelines could be published in April, forms could then be sent to the parents and eligibility determined before school closes in the summer. This would permit accurate and correct claims, counts, et cetera, on free and reduced meals to be put into effect at the opening of school, in September rather than as they are presently, in October or November.

In summation, I hope that whatever changes you will make will not only protect the integrity of the tax dollar, because none of us wants to spend too many, but also improve and not harm the national school lunch program.

Thank you for our consideration of these comments, and I will be happy to answer any questions you may have at this time.

Chairman **Perkins**. We will have some questions a little later. Ms. Josephine Martin?

[The prepared statement of Josephine Martin follows:]

PREPARED STATEMENT OF JOSEPHINE MARTIN, DIRECTOR, LOCAL SYSTEMS SUPPORT DIVISION, GEORGIA DEPARTMENT OF EDUCATION

Mr. Chairman, and Members of the Committee:

I am Josephine Martin, Director of the Local Systems Support Division of the Georgia Department of Education. With me is Annette Bomar, Director of the School Food and Nutrition Program for the State of Georgia.

On behalf of the Georgia Department of Education, I would like to present our concerns on the USDA's proposed regulations covering the implementation of the Assessment, Improvement, and Monitoring System (AIMS) published for comment in the Federal Register on October 30, 1979.

According to the Federal Register, the objectives of the AIMS proposal are to analyze current school lunch and school breakfast management by states; to monitor effectively the use of federal funds; and to protect the nutritional integrity of meals served under the programs.

Briefly, the AIMS proposal is as follows:

The AIMS proposal has set six performance standards to be met by local school districts. A review system is proposed which requires state educational agencies to undertake a specific number of reviews at definite time intervals. For each performance standard violation, a claims assessment (or reclaim) is described. Sanctions are proposed against SEAs for SAE funds for failure to comply with the AIMS proposal.

Authority for the AIMS proposal was included in PL 95-627 which revised the formula for SAE funds and increased the entitlement to 1 1/2% of program funds. The legislation also permitted the Secretary to use 1/2% for allocations to states for improving program performance. The AIMS proposal is the FNS response to the legislation.

The Georgia Department of Education is supportive of nutritional integrity, fiscal accountability, cost effectiveness, and cost containment.

We fully support the concepts contained in the six performance standards, because they represent the statutory provisions. On many occasions I have testified before this committee in favor of the legislative provisions. As a member of the National Advisory Council on Child Nutrition authorized by PL 91-248 in 1972-75, I sponsored a resolution asking that USDA develop a uniform cost accounting system because I, and other professionals in the field, recognized that discrepancies existed in reporting for meals and funds. Our requests to USDA and to the Congress have included requests for audits, for personnel standards, for funds for training.

The Georgia Department of Education has implemented many controls to assure program accountability and nutritional integrity. Since 1958 the Department of Education has paid variable reimbursement rates. Since 1965 the Department of Education has had a statewide system of cost accounting which has been refined to respond to the requirement of FMC-796-1, 2, 3. The Department of Education developed a statewide audit program as required by OMB Circular A-102 and A-110 and has completed the first complete two-year audit cycle. Since 1971 the Department of Education has required local school systems to maintain a meal production record to document meals served and quantities of food prepared. Each year the Department of Education requires local schools to send menus to state office where they are reviewed for components. Each menu is evaluated and corrective action is taken by staff where menus fail to meet the pattern.

The Department of Education has not been reluctant to assess reclaims where improper meal counts or invalid applications were identified. Until the offer versus served provision became law, the Department of Education had an edit in the computer program which disallowed payment of any meal claims for which an insufficient quantity of milk was purchased. The Department of Education objected several years ago when FNS discontinued the quantitative requirement for administrative reviews, and maintained the requirement on a statewide basis.

Last year, the Department of Education lapsed several hundred thousand dollars because meal costs did not support the national average payment. We believe in fiscal responsibility. We believe in treating the federal tax dollar with the same respect as we treat the state tax dollar. We recognize that only those programs with fiscal and program integrity will survive. We perceive those programs as nutrition programs.

Therefore, the concerns that I present to this committee today are not an expression of opposition to the concepts contained within the system. The views that I present are concerns about the proposal for an additional system of monitoring, the constraints (time and financial) which will make it impossible to implement, lack of clarity in the performance standards and absence of basic policy decisions necessary for uniform application, specific requirements of the system and perhaps most of all, about the role in which the Department of Education is cast under the AIMS concept. Historically, the Georgia Department of Education has assumed both a regulatory and a leadership role for the LEAs. AIMS will cast the Department of Education in a strict policing role. The LEAs will not ask the state for technical assistance; once a violation is identified, the DOE must first assess an overclaim, then offer help.

The views of the Department of Education will be presented under six major topics, which I believe will describe deficiencies in the proposed system, and will finally offer an alternative. These six topics are:

1. AIMS superimposes an additional monitoring and compliance system on presently effective systems.
2. The proposal to implement AIMS appears to be a statement of the USDA's inability or unwillingness to apply the present monitoring and compliance systems in a uniform and consistent manner.
3. There are inequities and inadequacies in the proposed funding structure for AIMS.
4. Implementation of AIMS according to the proposed schedule is unrealistic.
5. There are specific problems with each of the six proposed performance standards.

6. There are alternatives available to the USDA which would accomplish the objectives of AIMS without the necessity of adding a new program which will destroy local-state relationships for program improvement.

I shall discuss each topic.

1. AIMS superimposes an additional monitoring and compliance system on presently effective systems. Currently published regulations provide both the authority and the methodology through which an effective monitoring and compliance system may function. The following specific parts of the Code of Federal Regulations contain the authority and methodology to which I have referred:

7 CFR 210.14(a)(1) provides: "Each State agency, or FNSRO, where applicable, shall provide consultive, technical, and managerial personnel to administer programs and monitor performance and to measure progress towards achieving program goals, as specified in the State Plan of Child Nutrition." It is through this authority that the State of Georgia performs supervisory assistance reviews of school food authorities. These reviews cover important program objectives. The administrative management and the operations of the LEAs are thoroughly analyzed and evaluated through this process. Reports are prepared and corrective action is taken and documented. Followup is made by the state agency to ensure that deficiencies noted in the reviews are corrected. Each LEA is reviewed on a five-year cycle. All schools are reviewed in this process.

7 CFR 210.17 includes the requirement that school food authorities (SFAs) shall be audited not less frequently than once every two years. This regulation embraces the requirements of OMB Circulars A-102 and A-110. The audits are conducted in accordance with the General Accounting Office, Standards for Audit of Governmental Organizations, Programs, Activities and Functions. In

addition, this section provides that audit guides available from the U.S. Department of Agriculture's Office of Audit should be utilized in the development of audit programs to be conducted by the states.

The proposed regulation would require that LEAs which have an enrollment of 40,000 have an AIMS review every two years, and other LEAs would have an AIMS review every five years. However, since the existing audit requirement is on a two-year cycle, all LEAs would be required to have the fiscal audit every two years, and the complete performance audit (AIMS) on a five-year cycle. USDA has indicated that they do not wish to require unnecessary duplication of service. Unless one or the other of these requirements is modified, there will have to be a duplication of service. The two-year audit requires the review of parts or all of five of the six performance standards.

Mr. Chairman and members of the committee, the existing regulations and the statutory provisions are adequate for a system of monitoring. The proposed regulations are causing a hysteria among school food people. The irony of the system is that the AIMS is targeted toward school programs which have the accountability criteria designed in, or have the capacity for accountability. Other child nutrition programs, which have received widespread publicity for lack of compliance, are not targeted for AIMS.

2. The proposal to implement AIMS appears to be a statement of the USDA's inability or unwillingness to apply the existing monitoring and compliance provisions in a uniform and consistent manner. One of the principal reasons for the implementation of AIMS appears to be that states have not uniformly implemented the monitoring and compliance systems presently prescribed in the regulations. Even though the requirement to audit LEAs no less frequently than once every two years has been in effect since fiscal year 1977-78, it is reported by various USDA people that three years later many states have not yet taken the first step toward implementation of an audit program. Sanctions

are currently available to USDA against any recalcitrant state; yet there is no evidence that USDA has exercised those sanctions. What evidence do we have to indicate that USDA would uniformly employ the sanctions it has requested in the proposed AIMS regulations against those states which do not comply with AIMS? State educational agencies are concerned that USDA will vary its own administration practices in implementing the regulations. If this system fails, will USDA impose yet another system in two years?

The Program Aids or Guidance materials provided by USDA have been inadequate. For example, the USDA (FNS) publishes a Food Buying Guide to be used by LEAs to determine the quantities of food needed to be served. FNS insists that it is a Guide. Yet, the auditors use the Guide as the strict measure to determine adequacy. The Guide is inadequate in coverage and accuracy. The FNS has provided weak base materials to be used in monitoring various regulations.

The USDA position on many of the program requirements has vacillated. On the one hand, the SEAs have been told to be concerned only with the status of claims from the SFA since that is the legal entity with which we deal. Now less than two years after FNS recommended the elimination of school claims, regulations are proposed which require information by school and necessitates implementation of this program by school.

Mr. Chairman, it is essential that the USDA attempt to provide some stability in these programs. The LEAs and the SEAs can hardly respond to the rapid changes imposed by the USDA.

3. There are inequities and inadequacies in the proposed funding for AIMS. I shall address the inequities first.

FNS made available four million dollars to fund the AIMS program. The formula for distributing the funds was published as an Interim Regulation 7 CFR- Part 235. The formula contains four factors: Base, Number of School

Food Authorities within the state, free and reduced price meals, and large school districts.

This formula with its weight favors states with small meal volume and large numbers of school districts; conversely it handicaps large states with consolidated districts and large school systems. For example, state A, among the ten largest states in volume of meals, enrollment, and number of schools enrolls 1.2 million children and 50% economically needy children: The AIMS allocation is $85,000. State B, which enrolls 525,000 children and has 25% free meals, receives an AIMS allocation of $95,000.

Under the formula Georgia will receive $82,889. We believe that the distribution formula could be improved by changing the second factor from the basis of school food authorities to number of schools in the state. There may be some difficulty in the definition of a school for the purpose of making this calculation, but I submit that there is enough standard terminology to provide USDA with a basis for allocating funds equitable to the states based on workload; and this workload is expressed in the number of schools required to be reviewed within the state and not in the number of school food authorities. This inequity becomes transparent when one considers that Georgia has approximately 1,800 public schools within 187 school districts, whereas in some other states the number of school districts is almost as large as the number of our schools.

The formula for allocating the funds is inequitable. But perhaps even more important, it is totally inadequate. A projection of the cost of implementing the AIMS provisions in Georgia is based upon the assumption that the first review could be coordinated with the existing supervisory assistance and audit program. The cost projected only for the additional requirements imposed on the SEA through the AIMS proposal is $375,000.

Georgia's share of the four million dollars is $82,899 or $292,000 less than needed (Exhibit A). Perhaps this figure helps to explain some of the hysteria connected with the proposals. More time would be required at the LEA in preparation for the state reviews and to monitor the state reviews (Exhibit A). No provisions are made for the LEA cost. The minimum violation which would necessitate a second or third visit to the school system is a $150 dollar reclaim per school reviewed. If Georgia reclaimed $150 dollars from each school required to be visited through the AIMS process, we would reclaim $67,050 each year, considerably less than the cost of AIMS. The unfortunate angle of the AIMS program is that NO time is available to assist the LEAs in correcting the deficiencies.

4. Implementation of AIMS according to the proposed schedule is unrealistic. The funds proposed to be made available under the AIMS allocation are inadequate to buy staff to comply with the proposed schedule. Existing regulations and an approved state plan of operation which outline specific requirements such as training requirement, outreach efforts, administration of Food Service Equipment Assistance, on-going record and reporting requirements, procurement standards, coordination with NET Program and Audit place the state agency in an untenable position. A decision must be made regarding which regulation will not be followed when there is insufficient staff to fulfill all the requirements. Oftentimes the regulations are contradictory or overlapping. Assuming that funds were available to purchase an additional nine field positions in Georgia, I doubt that the personnel could be recruited and trained by September 1980, considering the other program requirements.

There is some reference in the preliminary material of the possibility of implementing some of AIMS in this school year. It is unreasonable to believe that a program of this scope on which the regulations have not yet been adopted could be implemented prior to the beginning of the 1981-82 school year. In fact, by its own requirements the state agency's State Plan of Child Nutrition Operations must detail how a state agency will implement AIMS. The administrative adjustments necessary to get the current State Plan amended would take more time than is available in the remainder of the present school year. It is my understanding that State Plan Guidance for 1981 does not contain information about AIMS. This means that the 1981 plan will require revision.

The followup requirements of the SEA for AIMS are so complicated that a computer program will be necessary to provide scheduling information to ensure that state staff are in the right school district in the right month to do the right followup. It would require some study, but I recommend that USDA consider a simpler formula for determining which schools in a school food authority will be reviewed in the followup phase of AIMS.

5. There are specific problems with each of the six performance standards. A complete analysis of our comments will be filed with FNS prior to January 2; however, I wish to name a few of the problems as examples of the concerns.

Performance Standard 1: All applications for free and reduced price meals are validly approved or correctly denied. Briefing sessions by USDA have indicated that a technical error would cause the application to be considered invalid. A claim would be assessed against the school back to the approval date. A technical error could be the failure of the principal to sign a valid application, or the recording of information on income in the incorrect block on the application. We have no problem with the standard as it relates to valid applications, but the USDA definition of valid causes great concern. A school could be assessed an overclaim for meals served to children who qualify for meals. The correction of a technical error permits the school to claim that meal in the future, but would have to restore the funds received for that meal prior to the correction of the error.

The hardship provision of the free and reduced meals policy creates another concern. It is our belief that AIMS would virtually eliminate the discretion of principals to make this kind of decision. USDA has not delineated specific criteria for hardship, but has allowed discretion. Fear of penalty would discourage discretion. USDA has not indicated any plans to provide definition guidance for hardship.

Performance Standard 2: Free and reduced price meals claims for reimbursement are less than or equal to the number of currently enrolled children approved for (1) free and (2) reduced price meals, respectively times the days of operation for the reporting period. This standard is ambiguous. What is the meaning of currently enrolled? Does it mean enrollment on the last day of the reporting period? If so, what happens to the meals served to eligible children during the first fifteen days of the month who moved away? What happens to the migrants? What about those meals served to pupils enrolled in child care programs but are not counted as part of the "enrollment"? What about the difference in reporting periods? School enrollment is kept on a 20 day reporting period; school meal data is on a monthly basis.

Performance Standard 3: The total number of meals claimed for reimbursement is equal to or less than the average daily attendance for days of operation times the days of operation for the reporting period. This standard would be especially punitive for the schools with high participation. Because of the difference in reporting period for attendance and participation, it is possible for meals to exceed 100% ADA for any one reporting period. Satellite operations serviced on the basis of the previous day's meal count or child care meals served to children who are not part of the ADA could create a reason for an overclaim. USDA advised that such things as serving children in child care programs who were not enrolled would probably have to be discontinued. What about eligible children who come to school for meals only?

The SFSP allows any child who shows up at a site to have lunch.

Needless to say, it seems that the USDA interpretation in many of these standards is a contradition to program expansion.

Performance Standard 4: The system for counting and recording meal totals for free, paid and reduced meals claimed for reimbursement at both school and SFA yields correct claims. The Guidance given for this standard indicates a contradiction of the regulation providing for implementation of the 80% and 100% provision contained in PL 95-166.

Under the offer versus serve provision and the USDA encouragement to provide flexibility in meal offerings counting meals becomes quite a task. In Cobb County, Georgia when two USDA people counted meals, each secured a different number. Neither agreed with the cash register and the counter control. Validation of total meal counts would require a minimum of one person throughout the entire meal period for each serving line. Many secondary schools have four or six serving lines.

Performance Standard 5: Reimbursement claimed for meals are limited to allowable costs as documented by reviewable records. Unless FNS develops additional constraints on this standard, we believe that our existing system would fully monitor this standard. I would like to relate briefly some interesting figures demonstrating the success of the School Food Service Audit Program in Georgia (Exhibit B).

Performance Standard 6: Meals claimed for reimbursement contain food components and quantities as required by regulations and as documented by reviewable production and student participation records. The preliminary material indicates that this standard will consider only components at the present time. FNS has indicated that a later regulation will detail guidance for monitoring quantities of food. Nevertheless, the standard contains the requirements for monitoring quantities, and this makes me uneasy.

There are many concerns with this standard. The offer versus serve provision permits students to take 3 of 5 items. In order to document that adequate food was prepared, must the school prepare five of five and allow the extra food to be wasted?

What happens when the states' milk marketing order permits a tolerance in the filling of milk cartons, and the reviewer determines that some of the cartons do not have the full eight ounces of milk? Is the claim assessed against the dairy? the school? What happens when milk is recycled (as permitted by USDA)?

What happens when an adequate sized meat portion was purchased, and yet the portion shrunk while standing on the serving line? What happens when the school serves a turkey-frankfurter which has no standard of identity, and the local system cannot prove that it contained 2 ounces of meat? What happens when the combination school which includes primary children as well as older children, adjusts the portions downward for the younger children in accordance with the regulations? Does the school prepare a 2 ounce portion for all, and waste the food?

What happens when the meals are planned for 80% of the children and 90% decide to eat that day? Are all the meals disallowed, or only the 10%? Must foods be weighed and measured?

There are many questions which scare all of us in regard to this standard. There are a number of currently existing regulations which are contradicted by AIMS. Lack of adequate base materials to train personnel, lack of training for managers and personnel, lack of funds to attract personnel with the competence to fully implement the sophisticated program prescribed in AIMS. The AIMS system doesn't provide for any tolerance.

These programs are operated by human beings, and some human error will take place. We believe that some tolerance factor is essential. Any claim assessed to be $150 dollars per school reviewed would trigger a follow-up visit. Two meals incorrectly served could soon add up to that amount when the national average payment is 93¢. We believe that the dollar amount for triggering revisits should be eliminated.

While I have not attempted to enumerate all my concerns with the performance standards, I hope that the examples given have demonstrated the validity of the concern.

6. There are alternatives available to the USDA which would accomplish the objectives of the AIMS concept without adding a new program. We, in Georgia, believe that USDA has promulgated sufficient regulations to enforce compliance without superimposing another system on state agencies and local districts.

We propose that Congress direct the USDA to analyze the current regulations and develop its own administrative and management strategy to provide for uniform implementation of the current regulations. We believe that USDA could require the State Plan of Child Nutrition Program Operations to contain a plan for implementing and monitoring the six performance standards within the framework of existing supervisory assistance and audit requirements. State agencies that have been progressive in implementing regulations should not be penalized, but should be given latitude in refining their own programs to accomplish the AIMS objectives.

We believe that a performance audit which would combine supervisory assistance and audit into one comprehensive review would meet the proposed objectives.

After such performance audits were made, followup would be required by the same performance audit team with the same frequency proposed in USDA's follow-up procedure.

This proposal would permit the state agency to effectively use existing staff for performance audit. However, additional staff would be required

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for the followup activity. This has been a recognized weakness of both our supervisory assistance and audit program. The agency does not have sufficient staff or funds to provide the LEAs with the technical assistance to develop new skills for correcting deficiencies noted. The proposed standard 6 will require considerably more time and staff than existing reviews, and this is good. Emphasis in monitoring has traditionally focused on the fiscal matters; this standard recognizes the nutrition requirement.

Even though more staff will be required, we believe that giving the state agency latitude and responsibility would promote program improvement. If the state agency fails to meet the performance standard, we believe that USDA has the authority under present law to apply sanctions. If the state does not have an approved State Plan, it would not be eligible for funds.

In summary,

- we believe that USDA has a responsibility to develop effective base materials prior to implementing any program of sanctions
- we believe that USDA must develop some policy decisions to assure national uniformity of program implementation
- we believe that with minimum revision in current regulations the monitoring programs could be improved and controlled
- we believe that USDA should extend the comment period until February 15 to allow maximum input
- we believe that USDA should thoroughly analyze existing regulations and eliminate contradictory provisions
- we believe that USDA should test any program of monitoring to identify problems, time frames, and project costs.

Mr. Perkins, and members of the committee, we appreciate your concern and support for school nutrition programs. We know that you understand the sensitivity of state-local relationships, and the damage that a punitive monitoring system could do to the well-being and effectiveness of all Child Nutrition Programs.

Thank you for allowing me to present this statement. If you have questions, Miss Bomar or I will be pleased to answer.

Exhibit A

PROJECTED ADDITIONAL STAFF COSTS AND TIME TO IMPLEMENT AIMS
GEORGIA DEPARTMENT OF EDUCATION

1. Field Monitors

	Mandays/Year Second Visit	Mandays/Year Final Visit	Mandays/Year Total
5 year LEAs	261.6	620.0	881.6
2 year LEAs	126.0	392.0	518.0
A. Total *New* Labor Days Required	387.6	1012.0	1399.6

B. Total Labor Weeks Required

$\frac{1400}{5}$ days = 280 labor weeks required

C. Total New FTEs Required

$\frac{280 \text{ weeks}}{32 \text{ available weeks}}$ = 8.75 FTEs Required for Field Monitoring

D. Cost - 9 @ $30,000 = $270,000

2. State AIMS Manager - 1

(to coordinate schedules, reports, etc.)

Cost - 1 @ $25,000 = $25,000

3. Claims Assessment Manager - 1

(to coordinate claims assessment, appeals, etc.)

Cost - 1 @ $20,000 = $20,000

4. Clerical Staff

a. for field monitors

b. for accounting section

c. for claims assessment control

cost - 5 @ $12,000 = $60,000

5. A. Total Number New FTEs - 14

B. Total Staff Costs - $375,000

6. Georgia's Share of AIMS Funds - $83,000

7. Needed Additional Funds - $292,000

MAXIMUM SCHOOLS TO BE VISITED AND PROJECTED RECLAIMS

	First Review	Second Review	Final Review
Schools to Visit - 2 Years	63	63	196
Required Man Days	252	232	784
Schools Per Year	31.5	31.5	98 = 161 schools Maximum

Times

Reclaim: 161 @ $150 = $24,150

	First Review	Second Review	Final Review
Schools to Visit - 5 Years	327	327	775
Required Man Days	1308	1308	3100 days
Schools Per Year	65.4	65.4	155 = 286

Reclaims: 286 @ $150 = $42,900

Total Reclaim/Year = $67,050/Year

EXHIBIT B

RESULTS OF A PARTIAL REVIEW OF AUDITS PERFORMED BY THE GEORGIA DEPARTMENT OF EDUCATION FROM JANUARY, 1978 THROUGH JUNE, 1979

The statistics shown below were derived from 142 of 187 audits performed in the State of Georgia. The audits were reviewed for non-compliance with AIMS Performance Standards One through Five.

Performance Standard #1

The verification of the correctness of free and reduced-price applications is standard audit procedure in the State of Georgia. In 187 audits conducted in Georgia since January 1979, every instance of inaccurate or invalid free and reduced-price applications was corrected by the SFA during the course of the audit. It is standard audit policy in the School Food Services Program to permit SFA's to correct technical errors in free and reduced-price applications during the course of the audit rather than punish them for these errors. Within the limits proscribed for our auditors there have been no documented instances in which a free or reduced-price application would have been disallowed.

Performance Standard #2

Auditors found non-compliance in six (6) audits. Audit adjustments were made disallowing 3,498 free or reduced price meals claimed for reimbursement. These audit adjustments were made during a current fiscal year to reports already submitted by the local School Food Authority and reduced the amount of reimbursement paid.

Performance Standard #3

The test called for in Performance Standard #3 is a specific audit step in our audit program in the State of Georgia. In the 187 audits conducted since January, 1978, the total number of meals claimed for reimbursement has not exceeded the average daily attendance for days of operation times the days of operation for the reporting period.

Performance Standard #4

Auditors found non-compliance in 19 audits. Audit adjustments were made for 67,231 meals and 86,464 half pints of milk served. These audit adjustments were made during a current fiscal year to reports already submitted by the local School Food Authority and equated to a reclaim of reimbursement.

Actual monetary reclaims for reimbursement for prior fiscal years totaled $4,644.49.

Performance Standard #5

Auditors found non-compliance in ninety (90) audits. Audit adjustments to allowable costs of $363,154.66 were made in audits conducted during 1978-79 current operating fiscal year. Actual monetary reclaims for reimbursement for prior fiscal years totaled $80,749.75.

STATEMENT OF JOSEPHINE MARTIN, DIRECTOR, LOCAL SYSTEMS SUPPORT, GEORGIA DEPARTMENT OF EDUCATION, ACCOMPANIED BY ANNETTE BOMAR, DIRECTOR OF THE SCHOOL FOOD AND NUTRITION PROGRAM

Ms. **Martin**. Mr. Chairman and members of the committee, I am Josephine Martin, director of the local systems support, division of the Georgia Department of Education.

With me is Annette Bomar, who is director of our school food and nutrition program in the State.

In the interest of time, I would like to highlight my statement and have the full statement entered into the record.

I am pleased to present the concerns of the State Department of Education in Georgia on USDA's proposed AIMS system. We support nutritional integrity, fiscal accountability, cost-effectiveness, and cost-containment.

Yesterday Superintendent McDaniels told the regional administrator that he supports the concepts contained in the six performance standards. To indicate our support of these kinds of things, the department of education has been out front in full cost-accounting, in developing an auditing program, in having an administrative review system, and so we feel that we presently have an effective system of cost, I mean of——

Chairman **Perkins**. Let me interrupt you at that point to make an observation. I intend to call upon all the State departments in the Nation for their comments and ask them to comment on this proposal by the Department of Agriculture, and I intend to put it all in the Congressional Record, especially in view of the Public Law 95-166, where Congress mandated that:

> The Secretary shall reduce to the maximum extent possible the paperwork required of State and local educational agencies participating in the child nutrition programs.

In addition, the Secretary was to report to Congress 1 year later on the extent to which paperwork had been reduced.

The date that the study was to be completed was November of last year. We have not received any such report from the Department of Agriculture so far.

We want to let the States show who is derelict in the responsibility. The Department of Agriculture is trying to cut back on these school lunch programs.

They have got all of the statutes in the world, at least 50 statutes where people can be indicted, that make a fraudulent statement today, and they want more regulations. Since we have not received any such report from the Department of Agriculture, I don't know how the Department has cut back on paperwork. In fact they want to add new and much more paperwork. I don't know what their objective is of coming here with these proposals when they formulated this.

I hate to interrupt your testimony, but my staff will contact all the State departments to get me a foundation to put in the Congressional Record to show how the paperwork is growing, instead of being cut back, as we mandated.

It is growing, growing, growing. You go ahead.

Ms. **Martin**. Dr. McDaniels indicated yesterday to Mr. Alspach that he would be pleased to prepare a statement or response to the regulation, so I am sure he would appreciate that opportunity. We have not been reluctant under the present provisions of the regulations to assess claims against school districts that have invalid reports or even to assess claims where meals did not meet the requirements on a continuing basis.

Therefore, the concerns that I present to this committee today are not an expression of opposition to the concepts of accountability contained within the system. The views that I present are concerns about the proposal for an additional system of monitoring.

Two, the constraints, time and financial, which will make it impossible to implement the program and, three, the lack of clarity in the performance standards and the absence of basic policy decisions.

Four, I am concerned about specific requirements that each of the performance standards and, five, about the role in which the Department of Education is cast under the AIMS concept.

Our views fall under six major topics. One, AIMS superimposes an additional monitoring and compliance system on presently effective systems. We have a program of supervisory assistance that is mandated by the present regulations.

We have a program of audits that is mandated and yet there are many schools, many States, we are told, in the Nation that have not implemented an audit program, even though that requirement came into being 3 years ago.

Two, we are concerned that the proposal to implement AIMS appears to be a statement of the USDA's inability or unwillingness to apply the present monitoring and compliance systems in a uniform and consistent manner.

We are afraid, again, if we come in with this AIMS system, that the USDA will not implement whatever system they come up with uniformly, and 2 years from now they will come back with something else and keep another system on top of AIMS and audits and supervisory assistance.

I mean also in connection with the USDA's apparent inability or unwillingness, we find that they have not given us the basic base program materials in which to work.

For example, the Department of Agriculture publishes what is called a food buying guide, and yet we are told by the Department of Agriculture that is a guide to schools to be used in determining quantities of foods to be purchased and served.

When the auditors go into the individual schools, they use the big guide as the law and the gospel. The buying aid does not take into account a lot of information about the foods which local school systems are purchasing or does not even consider such things as vending meals, so we do not have the base materials from the Department of Agriculture or basic policy decisions on which to work.

Our third concern is that there are inequities and inadequacies in the proposed funding structure for AIMS. They propose to spend $4 million for this endeavor. There are inequities in the funding structure.

For example, they use four factors to allocate the $4 million. The four factors are a base amount, the number of large school systems, the number of free and reduced meals, and the number of school food authorities.

Chairman **Perkins**. Let me interrupt you one more time, and then I will stop interrupting you.

I sometimes down home get in some of these food stamp lines to see how this thing works. I will visit the school lunch rooms and it would seem to me that they could well spend their efforts in other areas where the programs are administered so much more loosely than the school lunch program.

I have never seen an instance that I have observed where the school lunch program was abused, but I can't say that for other food service programs, for other people.

Somehow this Department is prejudiced in only one area and is letting all of the other areas go wide open. Fraud is committed every day, and they are taking it all out on those little schoolchildren.

Go ahead.

Ms. **Martin**. There are so many things that you say that I would love to respond to.

For example, it is not in my text, but I do say in here that AIMS is geared toward the school programs and this concerns us because we do feel that public education in America has a more accountable system of fiscal and nutritional accounting than some of the other agencies that get the Federal funds.

Just this last week we were told by the Department of Agriculture to reconsider a certain group of residential child care institutions which we had taken off the program or declared a moratorium on last spring because, number one, they were getting USDA funds which did not appear to us to be going into improving meal service but supplanting other Federal funds.

Two, we did not find documentation that the meals were not meeting the requirements, and they were being operated by a profitmaking management company.

Three, we found that they were not maintaining adequate records to support, so we recommended taking them off but now we are told that the moratorium has been released and we should put those people back on, so there is a lot of inconsistency when we have to implement this kind of system and our public education programs and our private schools.

To get back to my statement, there are some inadequacies in the proposed funding structure. We have done a costing out of the AIMS system for the State of Georgia, and assuming that our present audit staff and supervisory assistance staff would make the initial review, we still find to implement what they have proposed here would cost $375,000 a year, and the State of Georgia would get $82,000.

Now, to indicate the inequity in the funding formula, I did a comparison of two States, and one happened to be North Carolina.

Gene, I hope you don't mind. They have about 1.2 million children and 50 percent free or reduced meals would get $85,000 under the SAE formula.

Another State in another part of the country that has half as many children enrolled, half as low, I mean 25 percent economically needy children would get $95,000. There has to be something wrong with the formula that has been used to allocate the money.

Our fourth concern is that the implementation of AIMS according to the proposed schedule is unrealistic. It would take a computer program in a State as large as ours just to make sure that the State agency people were where they were supposed to be on the first, second or third review at the right time, and I am not even sure a computer would be able to keep up with that system.

Five, I have concerns with each of the specific performance standards. I have outlined some of the concerns with each of the specific performance standards. I wish I had time to give them. Let me give you one example that really frightens me, and it has to do with performance standard 1.

Performance standard 1 indicates that all applications for free and reduced price meals are validly approved or correctly denied. Now, according to the briefing sessions that SDA held, they told us that if a school principal by chance failed to sign the application which is otherwise valid, the income is correct, everything, the child is eligible for a free meal; but if the principal just happened to fail to sign that application, that application would be considered invalid.

The State agency would have to assess a claim against that school back to the beginning of the school year for that child's meals. Now, the principal could sign the application the day that the State agency was there, and the child and the school would be eligible to claim reimbursement from there on out, but that sort of technical error would cause the State agency to assess a claim.

On that basis, we see that practically every school that we go into will have some sort of human error made, and that we will have to assess a claim. Any claim that amounts to an average of $150 per school will trigger a second visit, and I made a cost projection.

I indicated to you that we will get $82,000 from AIMS to do this and a cost projection of $150 per school that will be required to be visited would reclaim $67,000.

Now, this is not considering any local time that is spent in this. For the amount of State time going into AIMS, there will be an equivalent amount of local school system time that will have to go in, and no one has attempted to calculate the amount of time or cost for this.

We think there are some alternatives that should be available to the Department of Agriculture, and I have outlined those on page 13, which simply says that we believe that if the Department of Agriculture would use the regulations and the authority that are presently in the law and in the regulations and the State plan of child nutrition program operations, that the State agency could come up with an improved system of monitoring without having to superimpose another system.

We believe that with a performance audit, which would be cooperatively done by our auditors and supervisory assistance personnel with some more funds to implement followup, we would be able to accomplish the goals of improved management.

Finally, we believe that USDA, before it comes up with anything else, has a responsibility to develop effective base materials. We believe that USDA must develop some policy decisions to insure a national uniformity. We believe that with minimum revision in current regulations, the monitoring programs could be improved and controlled.

We believe that USDA should extend the comment period until February 15 to allow maximum input. We believe that USDA should thoroughly analyze existing regulations and eliminate contradictory provisions. Your paperwork reduction provision that USDA has implemented through a regulation is contradicted by what they have in AIMS to a certain extent.

We believe that USDA should test any program of monitoring to identify problem time frames and project costs.

Thank you for letting me have this opportunity to express the State department of education views.

Chairman PERKINS. I want to thank you very much.

We are going to send a joint letter, Mr. Goodling and myself, to other members, and ask that this State be postponed. Your recommendations are sound.

We are going to explore and let the Congress know what is going on.

Now we will hear from the next witness. He has impressed me. I think he will impress the Congress.

This is really not pertinent here, but I found out that he was awarded the Silver Star as a company commander.

This gentleman is an extraordinary witness and we need men like this in charge of the Department.

That is the trouble today. We do not have a man of this caliber or a lady of this caliber down there in the Department. If we did, we would have a better world.

We have got all of the laws in the world. We have operated all through the years. When a superintendent of schools or a school lunch director makes a false statement and certification for reimbursement, it is the duty of the Department to prosecute him.

Go ahead now, Mr. Farley. We are glad to welcome you here again today. You have heard the administration's proposal. I feel like I know a little something about nutrition myself.

Go ahead and answer these problems to the proposal.

STATEMENT OF THOMAS J. FARLEY, FOOD SERVICE DIRECTOR, RETIRED, MILWAUKEE PUBLIC SCHOOLS

Mr. FARLEY. Thank you, Mr. Chairman and members of the committee.

I went in as a private. I got made a sergeant because everybody else was killed, and I finally became a first lieutenant, second lieutenant, captain, two wars, combat injury, wounded nine times. I am used to combat. That is what I found in the school system.

You have heard here a very interesting comment, and I found it very enlightening from the Department of Agriculture, from Food Nutrition Service, from the State director.

I speak to you in a different vein, and that is as the man who has run a large major city school lunch program for over 20 years. I retired October 1.

As food service director of the city of Milwaukee Public Schools for over 20 years, it is my recommendation that the AIMS plan be held up indefinitely. I would hope, Mr. Chairman, you would grant that my remarks which I have here may be included in the record.

Chairman **PERKINS**. Without objection, they will go into the record.

[The prepared statement of Thomas Farley follows:]

milwaukee public schools

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December 9, 1979

The Honorable Carl D. Perkins
Chairman
Subcommittee, Elementary, Secondary
& Vocational Education
2328 Rayburn House Office Building
Washington, D. C. 20515

RE: EVALUATION OF PROPOSAL DEPARTMENT OF AGRICULTURE ASSESSMENT, IMPROVEMENT, AND MONITORING SYSTEM (AIMS)

As Food Service Director of the City of Milwaukee Public Schools for over 20 years, it is my recommendation that the AIMS plan be held up indefinitely.

The new proposal is merely an outgrowth of the Management and Technical Assistance (MTA) of three years ago which was a flop because of failures in severed areas.

But more importantly, AIMS should not be implemented because of its avoidance of certain long standing crucial problem areas in National School Lunch. There are a number of fundamental organizational flaws, which weigh heavily upon district administrations and which cause great financial loss as well.

This proposed plan concerns itself almost entirely with counting free meals and claims for reimbursement while professing to high sounding goals of "analyzing program management" and "foster improvements".

This is fine sounding rhetoric, but an examination of the plan shows it to be superficial, u[illegible]ledgeable, confused, and totally disinterested even in the fundamental ac[illegible]ting method urgently needed for years.

Futhermore, the preoccupation of counting meals for 5 of the 6 standards leaves only that one remaining most important area of food. One would think the Food and Nutrition Service would at least be knowledgeable on this point; instead it is the least believable of all sections, and from past experience it will cause most trouble because it is and always has been the major bone of contention.

The Food and Nutrition Service is improperly organized to do any kind of a competent job on any question of food quality, nutrition, management skills, personnel training, purchasing, design, labor formulas, systems analysis, or even student menu planning, or school administration. It is planned that way. How then can these periodic visitations be termed management assistance?

But the financial segment is poorly though out also. When reason fails, there is heavy reliance on "sanctions" and financial penalties even in those areas in which the Food and Nutrition Service is most confused and contradictory.

Before proceeding, I should perhaps identify those aspects of my training and experience which qualify my speaking on AIMS.

For more than 20 years previous to my early retirement two months ago, I had been Food Service Director of the Milwaukee Public Schools. Professional training in Food and Nutrition, Food Technology; Registered Dietitian, and graduate degree in school administration.

Milwaukee was the first major city to bring the hot Type A lunch to all 165 schools 10 years ago.

All meals have been tailored to the students' tastes for 16 years by an elected 68 member Student School Lunch Committee meeting in scheduled work sessions 8 times a year.

All school have been open to the senior citizens for their lunches for 50 cents for 9 years.

All junk food, vending machines, and food sales of any kind beyond school lunches and milk are banned in Milwaukee schools from 8:00 a.m. to 3:30 p.m. This written official action was taken by our Board three years ago when Food and Nutrition Service failed to support legislation.

Milwaukee has the only American Dietetic Association approved internship in School Food Service Administration. Graduates operate school lunch in 18 states. A recent study by an outside professional group attempting to duplicate the program prepared a study showing a cost of $350,000 to do so. Not one cent of the cost of this professional training for our country is received from Food and Nutrition Service.

All seven supervisors are hired with a minimum professional requirement of Registered Dietitian; they bring valuable practical background from industrial catering, hospitals, elderly institutions, and the armed forces.

There are many other things such as one of the lowest priced meals, $.40 - $.45, in the country, one menu in all schools, automated fast service at 40 per minute, and an active nutrition education program in operation for many years. Such things as the only Gold Plate in competition with other school systems, universities, hospitals, hotels: this is the only school lunch program so honored in the quarter century of the existance of the INTERNATIONAL AWARD.

The above items are not presented as a nucleus of self aggrandizement since I have retired, and self praise only infuses hostility in others less successful. The remarks are intended to form a basis for your judgement when I tell you that not only is the new AIMS program poor, but that the Food and Nutrition Service is urgently in need of restructuring and that new leadership on the national level should be first concern rather than the implemenation of a hacknied old approach to administration which has failed to function for 33 years.

Do the committee members know that this proposal comes directly from Washington without any outside input? Two weeks ago one of our Milwaukee Food Service Supervisors made the trip to Chicago; she had been instructed to present a certain written statement to the AIMS meeting.

It was not permitted since this was not a hearing. The next day the written contribution was left with the chairman of the Major Cities for presentation; this could not be done. The AIMS presentation team was so embroiled in shouting matches with state directors that no city school lunch directors could speak.

This highlights a long standing misconception that Food and Nutrition Service has about National School Lunch: Food and Nutrition Service talks to state directors believing that they operate the programs.

Therefore the multimillion dollar project in 50 poorly written pages is nothing more than an attempt for a disorganized headquarters to establish financial control in the guise of management advise by means of coercion and sanctions in what is actually a minor but necessary part of the overall picture.

No one minds a good, tough audit; it's a part of life, like dentistry: corrective action in time helps prevent worse pain later on. No well-run business can function without financial checks.

But that is not what we get in a federal audit although the words used and the titles thrown around make it appear so.

We can only judge the future by the past practices of Food and Nutrition Service Representatives three years ago when the experience was labeled Management and Technical Assistance.

The people sent in were for the most part nonprofessionals in food and lacking in any experience in school administration; this we could take because we had become innured to ignorance in dealings with USDA.

But the continued, indeed increased invasion of our schools biannually by incompetent, unskilled boors trained chiefly in subtrifuge and devious practices tries our patience. They were generally speaking, emotional missfits and job hoppers.

Let me illustrate. The last MTA team visited schools in secret, took food off the lines and weighed it in side rooms on little scales concealed in purses. In our case a finding on this basis was used system wide to condemn the program as "short of protein" because after scraping a fish portion of its breading it weighed 1.98 oz. instead of 2 oz! The visiting experts were unaware of basic food knowledge in that much of the meat passes into the breading, that this method tells nothing and in addition, all boxed portions had been weighed electronically and sealed by a USDA grader in the plant. The MTA team did not know the fundamental difference between inspection and grading!

I would not plow up old ground except that deviousness was the hallmark of the entire visit. Furthermore, in Section 6 of the new AIMS proposal, the only part which deals with food at all, it is clearly stated that food samples will be taken out and sent to testing laboratories.

Let us look at just one part of the AIMS proposal, the only one dealing with food. In it the USDA fails to have a clearly defined meal pattern and a standard interpretation of the requirements. For example, meal pattern requirements must be met on a weekly overall basis as stated in the Federal Register, Proposed Rules, vol. 42, No. 173, Friday, September 9, 1977. Meal pattern requirement must be adjusted to the age level of the child (same issue of Federal Register).

On one hand, the USDA talks about controlling food waste and in the same breath, serves the same portion sizes of fruits and vegetables to the young children as well as a child of age 12 years old or over.

The protein requirements of 3 oz. for a child 12 years or older is ridiculous. It is unrealistic in regard to cost, size of serving of certain entrees, consumption, and avoiding of waste. For example, this would mean serving 2 hot dogs and buns, 2 tacos requiring higher food cost and additional labor. The recommended daily allowance 1979 for an 11 to 14 year old male is 45 grams daily. Not 90 at one meal.

Question: How is AIMS monitoring the offer vs serve theory of USDA?

We must take into consideration current thinking as evidenced by the 1979 Revised R.D.A.'s; USDA should establish standards accordingly.

Required meal pattern standards should be evaluated and standardized not changed every few months. Professionally trained dietitians with a degree in Food and Nutrition and experience in school foodservice should have this responsibility -- not a political appointee.

In regard to PERFORMANCE STANDARD 6, again auditors do not have the professional expertise to determine the required food components and nutrition values to meet the required meal pattern standards. This is a devious approach to attempt to evaluate compliance. Sending school lunches to a laboratory for analysis is expensive and of no value. The laboratory analysis would not indicate the food value of two different items used to meet the meal pattern requirement. This analysis should not be based intotal on the R.D.A. since it covers only one meal. There should be a tolerance factor and covered on a weekly overall basis.

Inasmuch as the first five or the proposed six standards are pure bookkeeping jobs better handled by proper accounting nationwide if only standard forms were developed, it is our recommendation that competent people in the field be engaged to formulate and standardize a method of taking the daily count in all districts. With such equipment, the same printouts could also be sent to state offices as claims for reimbursements. Milwaukee is now the first city in the country to experiment with using programmed discs to ascertain if this could eliminate some or all of the voluminous hand reporting now carried out.

One machine now in use with us can also, in addition to the above, be programmed to evaluate the day's menus for adequacy. This could also be sent to the state or be run back by federal auditors at any time.

The waste of millions of dollars on untrained so-called management experts could be eliminated and funds transferred to new approaches showing promise of success which have been lacking since 1946. We might just then get something efficient and useful.

One of the great priority necessities of National School Lunch promised since 1957 is a standardized method of accounting for the cots which make up the price of a Type A - Required Meal Pattern. Instead of wasting money on untrained outside people, let us utilize the really qualified experts in our schools to do this job -- ASSBO, The American Society of School Business Officials, who are saddled with government reports every day, would welcome the opportunity to get some rhyme and reason out of the morass of meal costs.

The Food and Nutrition Service talks loudly about plans to curtail food waste, while at the same time being unable to recognize that the purchasing practices of the USDA sanctioned by Food and Nutrition Service are largely responsible for most of the waste.

As a food technologist, I say to you in exact technical terms that much of the food supplied to National School Lunch by government contract is substandard by definition and identification.

The GAO which often handles school audits, has carefully avoided this field of enquiry because over the years when the Food and Nutrition Service failed to develop any goals, the purchasing practices of the Headquarters changed from furnishing quality surplus commodities to promote new eating habits, to a practice of foisting upon schools whatever was left whether or not these foods are unspeakably low grade or unacceptable to children.

The present practice of unloading the very worst on the nation's children runs counter to the avowed original purpose which was to teach food acceptance.

No one other than uneducated novices in food would accept the substandard canned chicken, pork, and beef. Shipments of ground beef are delivered white with excess fat and black with dried blood which clearly indicates a surplus of fat beyond specifications and processing in an unsupervised, ungraded establishment without temperature safeguards.

The frozen breaded chicken was also procured by specifications below US Grade standards which by definition makes it substandard. In addition, the product was cooked in rancid cooking oil which would properly have made it totally unacceptable under any US acceptance standard.

The list goes on and on: turkey rolls that taste like sausage and are poor, mediocre, or good depending on the whim of the manufacturer because there is no grade standard.

Potato flakes of low quality in poor packaging so that they cannot be stacked in warehouses.

Bulgar in 50 pound bags even though usage is in small amounts. Frozen meat in 55 pound packages which fit into nothing but walk in freezers; what do elementary schools do? Is this a weight lifting game or just stupidity?

Canned beef with grizzle and large blood vessels; it looks and tastes like dog food.

Butter in heavy inventories and sweet potatoes kids don't want.

Now Food and Nutrition Service is getting us canned plums which are another all time loser.

Up in Wisconsin we are issued a kind of artificial cheese made up of dried milk, oil, and whey. When a slice of this is cooked on top of a beef patty as a cheeseburger, it dissolves into run-off oil and white specks like popcorn. Can't make grilled cheese sandwiches with it. It wrecks our lasagna and pizza. What do we do with this substandard stuff?

But why go on? Food and Nutrition Service denies it all in spite of contracts with suppliers calling for substandard.

Only taste blind people in Food and Nutrition Service or those utterly uninterested in food quality could permit this situation to continue. This was not the will of the Congress, but it is the way the unknowledgeable persons have perverted our only national nutrition program.

The records and accounting must be very slip shod in USDA to permit this misuse of public funds for children.

There should be an allocation of AIMS funds now to teach food buying to the Food and

Nutrition Service. Even when specifications are adequate there is a regular succession of waivers which knocks out any intelligent purchasing.

Our suggestion as one of the first steps to cut down on food waste is to force the USDA to purchase by the USDA Grade Standards as is done for the Armed Forces. This is a businesslike way to run a food operation which will save millions of dollars. This is a positive approach instead of the threat of sanctions and checking the garbage pails which is the only level the "management teams" seem to understand.

All of this is, however, secondary to the most pressing need which is professional, dynamic, trained and experienced leadership heading the Food and Nutrition Service office in Washington.

After a third of a century there is no goal for our national school lunch according to the GAO report of two years ago.

Since that time it has gotten steadily worse; no one is in charge of anything very long. Orders and regulations are amended, recinded, revoked, or quietly disregarded after imposing sanctions a year before. Unrealistic and uninforceable rules are denied existence after a year of turmoil in the schools. If one can even reach the person who wrote a questionable order, it is often found to have the opposite intent of what the teams demand.

The state offices of Food and Nutrition Service are in considerable chaos also since they are the middle men in a fiasco of counter rules, revisions, and misinterpretations.

In the last ten years, I have run workshops in 28 states and regional meetings. I speak only for myself, but I say to this committee that the country generally is disgusted with Food and Nutrition Service.

To continue with a proved failure like M.T.A. now called AIMS after 33 years of no gain is unwise. If the student hasn't learned, the teacher hasn't taught.

We need a system of professional requirements at all levels of Food and Nutrition Service. At present, generally speaking the only real professionals are at the local district level.

Only in America could it occur that the appointed head of FOOD & NUTRITION SERVICE has no knowledge of FOOD and no acquaintance with a degree in NUTRITION. Combine that without any experience in the cold reality of school administration and you have a recipe for our present stagnation and failure.

Start with steady forceful leadership now after 33 years of increasing confusion and a year and a half from now there would be drastic changes for the better.

This is a technical field; get rid of the amateurs.

Thomas J. Farley

Thomas J. Farley, R. D.
Food Technologist
Director, Food Services Division (retired)
Milwaukee Public Schools

Mr. **Farley**. They have to be curtailed today. We realize you have to run the country. The new proposal is merely an outgrowth of the management and technical assistance, MTA, of 3 years ago which was a flop because of failures in several areas.

But, more importantly, AIMS should not be implemented because of its avoidance of certain long-standing crucial problem areas in national school lunch. There are a number of fundamental organizational flaws which weigh heavily upon district administrations and which cause great financial loss as well, if we are going to talk about money.

This proposed plan concerns itself almost entirely with counting free meals and claims for reimbursement while professing to high sounding goals of "analyzing program management" and "foster improvements".

This is fine sounding rhetoric, but an examination of the plan shows it to be superficial, unknowledgeable, confused, and totally disinterested even in the fundamental accounting method urgently needed in our country for years.

Furthermore, the preoccupation of counting meals for five of the six standards leaves only that one remaining most important area of food. One would think the Food and Nutrition Service would at least be knowledgeable on this point; instead it is the least believable of all sections, and from past experience it will cause most trouble because it is and always has been the major bone of contention.

The Food and Nutrition Service is improperly organized to do any kind of a competent job on any question of food quality, nutrition, management skills, personnel training, purchasing, design, labor formulas, systems analysis, student menu planning, or school administration. It is planned that way. How then can these periodic visitations be termed management assistance?

But the financial segment is poorly thought out also. When reason fails, there is heavy reliance on sanctions and financial penalties even in those areas in which the Food and Nutrition Service is most confused and contradictory.

Before proceeding, I should perhaps identify those aspects of my training and experience which qualify my speaking on AIMS and make it worth your while to listen to me.

I have a page here of my qualifications which I will skip. I am a registered dietitian, a food technologist, and had 20 years of experience and after retiring I went to college to get my degree.

I have met very few people in food and nutrition that think enough of the job in order to go out and get it, but roughly my city 10 years ago put hot type A school lunches in all schools. All meals have been tailored to the students' tastes for 16 years.

Three years ago we threw out by board action all vending machines, all food sales to children. We have got the toughest law in America, and the Food and Nutrition Service doesn't know how to do it. I had to go to my board and get this done because Food and Nutrition Service crayfished on this set question. We won't tolerate it. We got no help from the Federal Government, so we did it on our own, as is true of almost everything in school lunch.

It is the most successful Federal program today, and it succeeds in spite of Federal interference. We got rid of all junk food by board edict, and it is from 8 a.m. to 3:30 p.m. You get that stuff in there and we got rid of it, and we also had meals for the elderly for 9 years.

We have the only dietetic internship in America. Not 1 cent comes from the Federal Government. We asked that this be supported in nutrition education. It was turned down. A professional group seeking to duplicate our program for college graduates of food and nutrition found that this would cost $350,000 to duplicate. At the present time graduates of our program in the city of Milwaukee are running programs in cities and States in 25 States.

We did it for the country. All of my seven supervisors have a minimum requirement of registered dietitian. They come from industry, industrial catering, hospitals, the Armed Forces and the elderly, but so much for that.

I wonder if the committee members know that this proposal from AIMS comes directly from Washington without outside input. Two weeks ago one of our Milwaukee Food Service supervisors made the trip to Chicago. She had been instructed to present a certain written statement to the AIMS meeting. It was not permitted since this was not a hearing.

The next day the written contribution was left with the chairman of the major cities for presentation. This could not be done. The AIMS presentation team was so embroiled in a shouting match with the directors that no city school lunch directors could speak.

Chairman **Perkins**. That is the part that we have got to overcome some way, and we hope, if it has to go to the President of the United States from the Secretary of Agriculture, that the Secretary of Agriculture would step in in a situation of this type.

It is degrading and disgraceful.

Mr. **Farley**. I hope so, but this highlights a long-standing misconception that Food and Nutrition Service has about national school lunch; Food and Nutrition Service talks to State directors believing that they operate the programs. They do not, and few of them ever have.

Therefore, the multimillion dollar project in 50 poorly written pages is nothing more than an attempt for a disorganized headquarters to establish financial control in the guise of management advice by means of coercion and sanctions in what is actually a minor but necessary part of the overall picture.

I would like to stress this next point: No one minds a good, tough audit; it's a part of life, like dentistry; corrective action in time helps prevent worse pain later on. No well-run business can function without financial checks. I have suffered through four or five Federal audits in the time I have been there, and I know what I am talking about.

But that is not what we get in a Federal audit although the words used and the titles thrown around make it appear so.

We can only judge the future by the past practices of Food and Nutrition Service representatives 3 years ago when the experience was labeled management and technical assistance.

The people sent in were for the most part nonprofessionals in food and lacking in any experience in school administration; this we could take because we had become inured to ignorance in dealings with USDA.

But the continued, indeed increased invasion of our schools biannually by incompetent, unskilled bores trained chiefly in subterfuge and devious practices tries our patience. They were generally speaking, emotional misfits and job-hoppers.

I would like to give you an exact example of what I am talking about. I am not talking in generalities. Let me illustrate.

The last MTA team visited schools in secret, took food off the lines and weighed it in side rooms on little scales concealed in purses. In our case a finding on this basis was used systemwide to condemn the program as "short of protein" because after scraping a fish portion of its breading it weighed 1.989 ounces instead of 2 ounces.

The visiting experts were unaware of basic food knowledge in that much of the meat passes into the breading, that this method tells nothing and, in addition, all boxed portions had been weighed electronically and sealed by a USDA grader in the plant. The MTA team did not know the fundamental difference between inspection and grading, and there is a world of difference.

Chairman PERKINS. That is a shameful situation.

Mr. FARLEY. I would not plow up old grounds except that deviousness was the hallmark of the entire visit, and it had been for many visits before. Furthermore, in section 6 of the new AIMS proposal, the only part that deals with food at all, it is clearly stated that food samples will be taken out and sent to testing laboratories, and they will give you whatever answers you want, depending on who is paying for it.

Let us look at just one part of the AIMS proposal, the only one dealing with food. In it the USDA fails to have a clearly defined meal pattern and a standard interpretation of the requirements.

For example, meal pattern requirements must be met on a weekly overall basis, as stated in the Federal Register, proposed rules, vol. 42, No. 173, Friday, September 9, 1977. Meal pattern requirement must be adjusted to the age level of the child.

On one hand, the USDA talks about controlling food waste and in the same breath serves the same portion sizes of fruits and vegetables to the young children as well as a child of age 12 years old or over.

The new protein requirements of 3 ounces for a child 12 years or older is ridiculous. You see, I am talking about the picky, picky little things that people don't even want to hear about on the State or national level, but this is what is killing us in the cities, and I want to tell you about it.

The protein requirement of 3 ounces for a child 12 years or older is ridiculous and unrealistic in regard to cost, size of serving of certain entrees, and consumption and avoidance of waste. They are telling us there is too much waste, and now increase the meat portion of 50 percent.

For example, this would mean serving two hotdogs and buns, two tacos requiring high food cost and additional labor. The recommended daily allowance in 1979 for an 11- to 14-year-old male is 45 grams daily. They are saying put 90 grams on the plate and it is 45 grams per day, and a third of that is what you are supposed to get; but let me tell you, in order to get 3 ounces on the plate you have to start with a quarter pounder or 4 ounces and McDonald's charges $1.00 for that.

What are we talking about in school lunches? We are going to destroy the paying child; and that is exactly what is going to happen.

I am going to drop several pages here of my testimony.

Backing up what I say about bad foodpackers, but I just ask a question here.

Chairman **Perkins**. You are exactly right. They are trying to destroy the paying child presently. If they took AIMS they couldn't hit the target more accurately than what they are doing presently.

Mr. **Farley**. How is AIMS monitoring the offer versus serve, even with two conflicting rules which say you must serve this and you don't have to do that.

We must take into consideration current thinking as evidence in the 1979 revised recommended daily allowance for children and set the standards accordingly.

I am going to skip lots of testimony here. Inasmuch as the first five of the proposed six standards are pure bookkeeping jobs better handled by proper accounting nationwide, if only standard forms were developed, it is our recommendation that competent people in the field be engaged to formulate and standardize a method of taking the daily count in all districts.

This does not mean nationwide control, but most cities are doing it on pieces of paper. One city has it one way. One has it another. With the standardized forms, the same printouts could be used and sent to the State offices as claims for reimbursement.

We don't even have the same ones within the State. Milwaukee is now the first city in the country to experiment with using programed discs, to ascertain if this would eliminate some or all of the voluminous hand reporting now carried out.

One machine now in use with us also, in addition to the above, can be programed to evaluate the day's menus for adequacy. This could also be sent to the State or be run back by the Federal auditors at any time. The waste of millions of dollars on untrained so-called management experts could be eliminated and funds transferred to new approaches showing promise of success, which has been lacking since 1946.

We might just then get something efficient and useful.

One of the great priority necessities of national school lunch promised since 1957 is a standardized method of accounting for the costs which make up the price of a type A, required meal pattern.

Instead of wasting money on untrained outside people, let us utilize the really qualified experts in our schools to do this job, ASSBO, the American Society of School Business Officials, who are saddled with Government reports every day, would welcome the oportunity to get some rhyme and reason out of the morass of meal costs and mountains of book work.

The Food and Nutrition Service talks loudly about plans to curtail food waste, while at the same time being unable to recognize that the purchasing practices of the USDA sanctioned by Food and Nutrition Service are largely responsible for most of the waste.

As a food technologist trained in it, and I have a degree in it, I say to you in exact technical terms that much of the food supplied to national school lunch by Government contract is substandard by definition and identification.

The GAO, which often handles school audits, has carefully avoided this field of inquiry because over the years when the Food and Nutrition Service failed to develop any goals, and the purchasing practices of the headquarters changed from furnishing quality surplus commodities to promote new eating habits to a practice of foisting upon schools whatever was left whether or not these foods are unspeakably low grade or unacceptable to children.

The present practice of unloading the very worst on the Nation's children runs counter to the avowed original purpose which was to teach food acceptance. I have here a page and a half, and I have signed my name to it as a food technologist, a registered dietitian with 20 years of experience, the same types of foods we are getting, and these are no exaggerations, the frozen breaded chicken, the canned chicken, the canned pork, the canned beef, the shipments of ground beef delivered white with fat, black with blood, which clearly indicates surplus of fat beyond specifications and processing in an unsupervised, ungraded establishment without temperature safeguards.

They say, oh, well, supply us with frozen breaded chicken. It was U.S. substandard. They say, oh, no, it falls below U.S. Grade A, B, and C, and if you are below all grades you are, therefore, U.S.-below substandard, and they dodge it.

You have a cute thing called procurement No. 1, which is what we get, and sometimes we don't get procurement No. 1.

For one thing out of the pages here what was this chicken we got? Not the canned chicken, which is too bad to talk about, but this frozen chicken, tough, dehydrated, freezer-burned chicken. It fell below U.S. grade C. It then went into procurement No. 1 but it was cooked in rancid fat which dropped it below procurement No. 1 and 2, and it was, therefore, inedible and should never have been used.

Chairman **Perkins**. It may be that we ought to develop some regulations where the States, I mean some regulation where the States would have a right, your organization is to inspect some of this food themselves, and put the shoe on the other foot for a while to make sure that we don't get this substandard food.

Ms. **Glavin**. Mr. Chairman, we would be delighted to have any of the people here or any members of the committee come down and bring it up here and see our commodities. If you saw the foods that Mr. Farley is talking about, you would be surprised at the difference between his description and what you will see.

Chairman **Perkins**. Go ahead. I will take the man's word with the Silver Star.

Mr. **Farley**. I cut two pages of my testimony out. I can back up every single statement I have made and I signed this document.

Chairman **Perkins**. About the best way we can find would be to get Mr. Greenstein up here and let him assist you some in answering, so that we can let this gentleman respond. We will set up such a meeting at any time, because we want to go to the Department about this thing.

Go right ahead.

Mr. **Farley**. Up in Wisconsin we are issued a kind of artificial cheese made up of dried milk, oil, and whey. When a slice of this is cooked on top of a beef patty as a cheeseburger, it dissolves into run-off oil and white specks like popcorn. You can't make grilled cheese sandwiches with it. It wrecks our lasagna and pizza. What do we do with this substandard stuff?

But why go on? Food and Nutrition Service denies it all in spite of contracts with suppliers calling for substandard. These things are not U.S. graded. They are substandard graded, and I have read all of the specifications which came out of the U.S. Department of Agriculture that had called for below grade.

I am not speaking subjectively. The records and accounting must be very slipshod in USDA to permit this misuse of public funds for children.

I have recommendations. There should be an allocation of AIMS funds now to teach food buying to the Food and Nutrition Service. Even when specifications are adequate, there is a regular succession of waivers which knocks out intelligent purchasing.

Our suggestion as one of the first steps to cut down on food waste is to force the USDA to purchase by its own USDA grade standards as is done for the Armed Forces. The Armed Forces food is excellent. This is a basic way to run a food operation and will save millions of dollars. This is a positive approach instead of the threat of sanctions, and checking the garbage pails, which is the only level of supervision the management teams seem to understand.

All of this is, however, secondary to the most pressing need which is professional, dynamic, trained, and experienced leadership handling the Food and Nutrition Service Office in Washington.

"After a third of a century there is no goal in our national school lunch, according to the GAO report of 2 years ago," and I am quoting it.

Chairman **Perkins**. Well, what gets me is so much of it is substandard now compared with 20 or 25 years go. During the days of Harry Truman, we had wonderful supervision down there and even up to the Eisenhower years. It has deteriorated down there in 20 years.

The people who set themselves up as nutritionists don't know what they are doing and are confused and ask for more regulation to try to cover things up.

Go ahead.

Mr. **Farley**. Well, since that time it has gotten steadily worse. No one is in charge of anything very long in the Food and Nutrition Service Office. Orders are amended, rescinded, or revoked or quietly disregarded after imposing sanctions the year before. Unrealistic and unenforceable rules are denied existence after a year of turmoil in our schools.

I can quote you these things. If one can even reach a person who wrote a questionable order, it is often found to have the opposite intent of what the teams demand. If this work was ever found in our school system, the schools would be adjudged as being very remiss. How could such bad management exist in a school, and this is what we had in Food and Nutrition Service.

The State offices of food and nutrition service are in considerable chaos also since they are the middlemen in a fiasco of counter-rules, revisions, and misinterpretations. In the last 10 years I have run workshops in 28 States on school food service management and I have run them for regional meetings also.

I speak only for myself. I don't claim to be a spokesman for anybody else or any other director; but I say to this committee that the country generally, from what I have heard and observed, is disgusted with the Food and Nutrition Service.

To continue with a proved failure like the MTA, which is now called AIMS after 33 years of no gain is unwise. If a student has not learned, the teacher hasn't taught. We need a system of professional requirements for all administrators at all levels of Food and Nutrition Service.

At present, generally speaking, the only real professionals are at the local district level. This is a pyramid standing on its point. Only in America could it occur that the appointed head of Food and Nutrition Service has no knowledge of food and no acquaintance with a degree in nutrition. Combine that with no experience in the cold reality of school administration, and you have a recipe for our present stagnation and failure.

As I have spoken to school lunch national meetings in foreign countries, I am shocked at what we have here compared with other countries. I wish you would start with a steady forceful leadership now after 33 years of increasing confusion, and 1½ years from now there would be very drastic changes for the better.

This is a technical field. Let's get rid of the amateurs, use these billions of dollars intelligently to start to build for the first time on a firm professional basis.

That is the end of my testimony.

Thank you.

Chairman **Perkins**. I think we ought to give the Department, if they want to respond, a chance to respond in view of the statement.

Ms. **Glavin**. There are a number of things I would like to respond to.

We regret that Mr. Thomas Farley, the former director of the food services division for the Milwaukee Public School System, has determined that some of the donated foods distributed to schools in his city have been unacceptable. Those in USDA with food procurement responsibilities are determined that only highly acceptable food products will be furnished to schoolchildren and others receiving our commodities. We are concerned with apparent misinformation about the quality of food products purchased by USDA for use in school lunches. The Department purchases only those food items which meet definitive specifications designed to insure that only uniform, high-quality food products are distributed to schools and other outlets. The products are processed under the supervision of USDA inspectors and graders.

Products purchased by USDA for distribution to schools and other eligible outlets are virtually the same as top-of-the-line, commercially available items. Some changes in specifications are made to accommodate school preferences. For example, in our chicken and turkey purchases, necks and giblets are not purchased because schools generally do not use them. The overwhelming majority of schools receiving items purchased by USDA report these products as either acceptable or highly acceptable.

Where U.S. grades are available, specific grade requirements apply. For example, the cut-up uncooked chickens and whole turkeys must be U.S. grade A, although some U.S. grade B turkeys are accepted. Where there are no official USDA standards for products, such as canned boned poultry, cooked turkey rolls, and cooked, fried, batter-breaded chicken, specifications are used to set forth requirements for raw product, processing procedures, et cetera. USDA agents supervise all phases of the manufacturing process—including production, packaging, and shipping—to assure compliance with the specifications and other program provisions.

There is no "U.S. grade substandard" for poultry so we do not know the meaning of the term. USDA purchases commodities according to published specifications. These specifications are developed by poultry specialists in the Poultry and Dairy Quality Division of the Food Safety and Quality Service. Canned boned poultry is processed from poultry of U.S. procurement grade II or better quality. Procurement grades measure meat yield rather than appearance and were designed for use by manufacturers of fabricated products such as rolls, canned boned poultry, poultry pies, et cetera. Unsightly defects, such as cuts, tears, discolorations, and missing bony parts, are ignored in the procurement grades but are included as factors and quality in consumer grades. There is no difference in appearance, nutrition, quality, or tests between cooked deboned poultry meat from U.S. grade A and U.S. procurement grade II poultry. In fact, one could not distinguish between canned boned poultry made from procurement grade II and grade A product. Frozen cooked breaded chicken is processed from procurement grade I or better quality—no bony parts as in canned boned poultry allowed—and provides the same nutrition and quality as grade A chicken.

All of the dairy products distributed by the Food and Nutrition Service are inspected by USDA dairy inspectors and determined to meet the USDA's grade standards for U.S. grade A butter, U.S. extra grade nonfat dry milk, and U.S. grade A Cheddar cheese. The process cheese must be produced from cheese equivalent to U.S. grade A Cheddar cheese. CCC, the contracting agency of USDA, does not purchase artificial or imitation cheese and such a product cannot be used in making the process American cheese.

Although not all States were willing to accept canned purple plums this year, there were a total of 250,800 cases requested nationwide. However, USDA purchased only 50,800 cases because a heavy drop of fruit occurred between the time the Department advertised for offers and the time offers were due. While the State of Wisconsin declined to request any canned plums, the product in light sirup is popular in some regions of the country. The distribution of the 50,800 cases was confined to the Western region of the Nation.

Obviously, not every school in the Nation will find each USDA-purchased food product equally acceptable and they can decline to order the food if they wish. If other foods become available, they are given the opportunity to accept the foods as a replacement for those items they declined.

You asked some questions on our efforts in our other programs, and I would be delighted to provide you with information on the management efforts we have in all of our programs in order to insure that they are properly managed, and there is proper accountability for the funds in them.

Second of all, it is important to remember that as Mr. Dickey from North Carolina said, that the programs have grown very quickly over the past few years and that there are problems in them.

We have to recognize those problems and we have designed a system that we believe will bring about a coordinated and comprehensive approach to addressing those problems, and to the extent that our proposed system would cause duplication or would cause another layer of effort to be imposed at the State, we don't want that either, and we will adjust it to the extent that this proposed system would do that.

We plan to adjust the system to allow States to use the existing systems they have to meet those needs. Where States have systems that can address these problems we want to encourage those systems, but we feel in many areas those systems do not exist or are not sufficient to meet the problems.

I would like to stress that we had a great deal of outside input in developing this proposal. We have worked with the State and with local people for a period of about 2 years to design the system. That is not to say that the State and local people are totally in support of the system we came up with.

I would like once again to invite you to allow us to provide you a sampling of our commodities and to have a tasting for you because, again, we are very proud of them.

In terms of Mr. Farley's statements I really don't think that I can respond to them. I think they are in many cases inaccurate and irresponsible. I really can't respond to a charge that I am an emotional cripple or whatever the particular charge was. I don't think it is appropriate.

If you have any questions on the system or what our plans are in terms of summarizing comments and trying to develop a final rule, I would be delighted to respond.

Chairman PERKINS. Do you have anything to say, Mr. Farley?

Mr. FARLEY. I would question emotional and irresponsible. I would like to ask this past speaker what are her professional background, experience, to make such a statement that my statements and the food we are getting is irresponsible.

Ms. GLAVIN. I think that I said your statements were inaccurate and irresponsible in that there were a number of statements that you made that were inaccurate; for example, that we had no outside input and, second of all, the irresponsible, I think that your charges against the Department saying that Department officials are emotional misfits and job-hoppers, and I think that kind of thing is irresponsible.

Mr. GOODLING. Mr. Chairman, this isn't going to get us anywhere.

Chairman PERKINS. Go ahead, Mr. Goodling.

Mr. GOODLING. OK.

First of all, the thing I guess that upsets me most of all in my time in Congress is when people say, "Bill, you are too practical." That is a charge I get often in the Congress of the United States. I think that basically what everybody is asking for here is practical solutions and practical directions.

You know, that is my objection to the Department of Education. I said that they should have teachers and administrators who are in the pits working and heading those programs. But I was sure that wouldn't happen, and of course, I am always happy to say the first person to head the Department of Education is a lawyer. We didn't have any educators good enough to do that.

I got the impression that most of you were saying that you are in support of the aims of AIMS but you don't need AIMS to bring about the needed improvement.

Is that a proper evaluation of what most of you were saying?

That gets us back to the practical support of the aims of AIMS, but you don't need AIMS to bring that about. I noticed Mr. Dickey and Ms. Glavin talked about this; you say on page 4 that it ignores the multitude of State management efforts that are currently in place, and the fact that they are continuously identifying problems and taking corrective action, and Ms. Glavin says on page 7, the proposal allows States which have comprehensive and review systems in place to use them to meet the AIMS' objective.

We don't go out punishing the mass because of the sins of a few which usually is the way we operate. Can you reconcile those two statements?

She is saying that they are giving you that opportunity and you apparently don't read it clearly in the AIMS proposal.

Mr. DICKEY. Surely. I perhaps have missed some of the points in the AIMS proposal. However, in response to that kind of question, I have a major concern that is contained in the proposal, that it is precisely drawn, so precisely drawn that it directs State agencies in the methodology of the employment of their resources along a very narrow and restrictive target base.

Frankly, two areas: One free and reduced price meals and, two, a partial targeting on the nutritional integrity of meals.

I think that is an extremely narrow base in terms of what really happens in the school lunch program.

These two target areas will require considerable resources, and the methodology that is tied into AIMS outlines for the States in narrow perspective and also requires them to establish a precise methodology and, two, establishes very precise followup visits and very precise sanctions when in fact the State agencies should not, and I think in most cases, do not ignore those narrow targets that the AIMS regs put us into, but they in fact need to target those resources into a lot of other areas as well, training aspects, the food quality issues.

That has been pointed out here in a whole range of basic administration. I think it is improper for the Federal Government to superimpose on State and local governments the precision that is envisioned in AIMS in terms of taking away the flexibility that State agencies must have in terms of identifying problems, use of their resources and managing programs.

Mr. Goodling. Let me bring a third person into this discussion. Ms. Martin says on page 13 of her statement, "There are alternatives available to the USDA which would accomplish the objectives of the AIMS concept without adding a new program."

If we don't need another program and if you can work out a program with the program that you already have why have another new program? So between the three of you, I am bringing all three of you into this discussion so I understand what the problems are.

You are saying that we already have everything that is needed to accomplish the aims of AIMS in place.

Ms. Martin. In my judgment, Mr. Goodling, we do have everything that is needed to accomplish the objectives of AIMS. We have the two components that are required in the regulations. One is the supervisory assistance program, and I quote that specific regulation in my paper, and we have a requirement for audits.

The fiscal audit covers five of the seven performance standards. The fiscal audit requirements require the State agency to audit every local school food authority every 2 years.

The AIMS requirements require that school systems with more than 40,000 be audited every 2 years and schools with less than 40,000 have the AIMS review every 5 years, which is an inconsistency, and we in Georgia have not figured out how we can resolve those two kinds of contradictory activities since the auditors will be looking at the same thing every 2 years in all the school systems.

Do we assess the same kind of claim? We don't know. We feel between the supervisory assistance that is required and the audit, that we do have the mechanism.

In addition to that, I would like to say up until about 2 or 3 years ago we had a numerical requirement for State agencies to make a specific number—we were to visit every school every 3 years. Some of us objected to the elimination of that requirement, but FNS discontinued the numerical requirement and now here we are with another numerical requirement.

So I really feel we have the mechanism for doing it.

Mr. Goodling. Ms. Glavin, where is the breakdown? Why do we need anything new? It appears everything is in place if we only would supervise properly, or educate properly.

Ms. Glavin. First of all, the proposed regulations specifically allow for States to use their audit visits and their supervisory assistance visit to meet the AIMS review coverage.

AIMS is more comprehensive in that it requires followup in certain instances which the other programs do not, and it provides for a coordinated effort, that all of those efforts that are going on in the State be coordinated into a single effort that is managed at the State level.

It also will cause States that do not have comprehensive systems going on now to develop them.

Beyond that——

Mr. Goodling. Why can't we go after those? Why do we have to go after those who are not——

Ms. Glavin. To the extent States already have AIMS systems in place, they can utilize those under the AIMS system, and to the extent that the proposal does not allow that, we would like to adjust it to do so.

Mr. GOODLING. Who makes the determination whether they do or don't?

Ms. GLAVIN. We need to hear specifically from the States where specifically the proposal would cause an additional layer to be put on an already existing system.

Mr. GOODLING. Let me touch one other area.

I got the impression that there is a real concern about this whole punitive bit. I too have a real concern about that because practically every time we have a piece of legislation on the floor, we ask, what are you doing to try to help them rather than punish them. We get people in the field who lose all contact with reality. Their feeling is you are doing something wrong and I am going to nail you for it.

I seem to get that feeling from the people who are testifying here.

Do we have too much emphasis on the punishment bit? Because, you know, one of the things I get so many times from good service people and people in education all over is they either never get the regulations on time or the regulations are not clear or the regulations have never been produced, so there is always a question, am I doing it right, am I doing it wrong? What is the right way?

Ms. GLAVIN. There are no penalties assessed against the local school districts in the system.

Mr. GOODLING. But Mr. Vann says if you take away his supervisory money, who runs the program, if that is part of the punishment?

Ms. GLAVIN. There are penalties assessed against the State if they fail to implement the system.

Mr. GOODLING. Do you come in and spend a lot of time saying this is what you are doing wrong, this is what we would like improved, before you get around to the business of slapping them?

Ms. GLAVIN. There is a procedure outlined in the proposal which extends over a period of months in which we would envision working with the State to insure that no penalties would need to be imposed.

Mr. GOODLING. One further question.

Would you agree with the chairman and myself that an extension of this deadline is very, very important and would you carry that back down the hill, or don't you agree with it?

Ms. GLAVIN. I would be glad to carry it back down the hill. We have had the proposal out since October 25, a fairly long comment period.

Mr. GOODLING. The only problem with that is until it really appears that it is going to affect you, you don't really get too excited about it. This happens 1 million times, you know, and I always tell my constituents, I don't get excited about legislation until I actually see it on the floor, I think that is true.

Now the people are beginning to study what it was that you proposed, and I really think there is no use trying to introduce anything if it isn't going to get off on a good footing and actually help youngsters and help the child nutrition program.

So I think the chairman and I, I don't know how many others, are going to put up as much fuss as possible to make sure we do have an extension. So I would like you to take that back down the hill.

Ms. **Glavin**. I would be glad to.

Mr. **Goodling**. Thank you, Mr. Chairman.

Mr. **Andrews** [presiding]. Mr. Murphy?

Mr. **Murphy**. Yes, Mr. Chairman.

I want to make a comment that I agree with the chairman and Mr. Goodling, and I hope you will carry the word to USDA, because too often our Federal agencies always look at people in the State or local municipalities or districts as incompetent people who are out to bilk the Federal Government, so you thrust upon them so many rules and regulations and paperwork and audits upon audits.

There are a lot of competent people out there administering our programs, and I think we should give them that benefit and the opportunity to review these regulations.

I might say there is an increasing wave here in Congress to put the veto approval or veto rights of Congress on all of the departments' rules and regulations. It is quite possible this is hastily gone into, and I don't think that October to December is too long a time in which to allow 50 States and all of their school districts to review this.

It is not too long a time and I would certainly encourage the department to take more time.

Ms. **Glavin**. OK.

I would like to point out as soon as the regulations were published we did hold a series of briefings across the country in order to assist people in understanding what the proposal was so that they could comment both comprehensively and in a timely basis.

So we are very aware of this need.

Mr. **Murphy**. May I ask what percentage of food is supplied by the Department of Agriculture and purchased locally?

Ms. **Glavin**. It is roughly 20 percent purchased by the Department; and 80 percent purchased locally. Obviously, that varies from district to district, but that is nationally, a rough figure.

Mr. **Murphy**. So that at least 80 percent of the food cannot possibly fit in the category that Mr. Farley pointed out?

Ms. **Glavin**. Yes, sir.

Mr. **Murphy**. Do you have a system of monitoring or sending someone into the local school district to pick up some of this fried chicken or whatever it is?

Ms. **Glavin**. Only on our regular review system we look at any of the food being served. We do receive, we call it a can cutting, everything we purchase. We receive samples of it, and we open them, look at them, and test them.

Mr. **Murphy**. It might be a good idea, and I will suggest it to my chairman, if we would have some of our staff go somewhere in the country and go into a school cafeteria and maybe ask someone from your Department to accompany our members of staff without announcement. Just take a look and see what is in the pack.

Ms. **Glavin**. We could do it here. We get something out of the shipments, we get packs out of the shipment, that we would be glad to open in front of your eyes.

Mr. **Murphy**. I would be interested in seeing that.

Ms. **Glavin**. We would be delighted to.

Mr. **Andrews**. May I suggest that it seems to me that the program you propose is apparently based on certain findings referred to as standards or designed to address the following deficiencies in program operation, and you have them as one, two, three, and four.

First of all, I am aware, and I am sure you are, that the people in the lunchroom program, particularly teachers who determine in most instances, I suppose, which children are eligible or not eligible for free or reduced price meals are, of course, not trained in that sort of thing.

I know something of that. I know many teachers, including my wife and mother and daughter, tell me they are in a very awkward circumstance to determine who should or should not, and I am sure you know and I know that various discrepancies do occur and are going to occur no matter what program you institute.

But at any rate, it seems to me that in No. 4, beginning on your page 4, you recite two statistics that it seems to me give some credence to your contention that a better system is needed.

However, in the first three I find none. These are to me rather ridiculous alleged certificates. They have percentages, but the percentages refer, it seems to me, to essentially nothing.

If you will follow me, at the beginning of your No. 1 on page 3 you say nearly 70 percent of audits reported something. Now when you say 70 percent, I am sure anyone that reads that, is impressed that that is a very high percentage. Seventy percent is going to show us something bad, apparently, reported problems concerning improperly approved applications.

Seventy percent of the audits showed how many problems, one? One problem may be in a school? Isn't that all that says? Which is nothing. It says nothing. In other words, it says that you have 70 percent of instances in which something is less than perfect.

To what extent is it less than perfect? You need the second figure for that sentence to have any real meaning whatever. Seventy percent of the audits reported problems consisting of what? Twenty percent, 40 percent, 1 percent, 0.0, 0.0001 percent, or what? It doesn't say.

Likewise two lines later, 80 percent, that is a high percent. That is very impressive. What we are going to read now, 80 percent of the 186 school food authorities audited had submitted claims for free or reduced meals when there were not enough valid applications on file to support these claims.

To what extent were there not enough applications on file? Again, 0.0001, or do you mean 50? You don't finish it. You need the second statistic in that sentence for the sentence to offer, in my opinion, any validity for imposing some sort of new stringent regulations.

Go to No. 2, top of the page. Of the 33 OIG audit reports analyzed, 45.5 percent, and when you read that, you said more than 45.5 percent. That is again a very sizable number. Of what? Found problems relating to incorrect meal counts. To what extent? Incorrect to what extent? It doesn't say. Again, is that 0.000 or something? It doesn't say.

You say in No. 3, in 12 of the 33 audit reports analyzed there were instances—that is plural so there must have been two or more—of reimbursement exceeding documented allowable costs.

How many instances? I don't know. Your statistics are either poorly restated here or you don't have any statistics, it seems to me, that warrant making any decision as to whether the program is operating efficiently in these areas or whether it isn't.

Ms. **Glavin**. Mr. Andrews, we have not done a national study to determine——

Mr. **Andrews**. I was referring to the studies you did. You have no report worthy in my opinion of any determination.

Ms. **Glavin**. We do not have hard data on the exact extent of these problems. What we have is a range of reports, both audit reports, GAO reports, our own management evaluations over a period of years, which show a consistent pattern of problems in these areas.

Mr. **Andrews**. I don't doubt there is a consistency of problems in all areas. Where some 27 million people are being served by anything there is no doubt consistency of problems, but I think, first of all, you should have known something about to what extent of a problem.

You paid somebody, I take it, to make this study, didn't you?

Ms. **Glavin**. These are studies that were done over a period of years as part of our regular monitoring of the program, yes.

Mr. **Andrews**. Do your reports have some definitive findings? In other words, could you finish any of these sentences for me? Nearly 70 percent of the audits reported problems concerning improperly approved application. Could you tell me the percentage of problems you found?

Ms. **Glavin**. Yes, I could do that. I don't have that information with me now, but I could do that.

Mr. **Andrews**. Why did you put half the sentence in here in each case?

Ms. **Glavin**. These are not by any means national statistics.

Mr. **Andrews**. To the extent they are statistics of something, why don't you finish the sentences as they relate to wherever the study was made, one or more places? Could you finish these sentences?

Ms. **Glavin**. They could be finished, yes.

Mr. **Andrews**. Would you get that for us and that would give us a better understanding as to whether some new stringent program is justified.

Ms. **Glavin**. Yes.

Mr. **Andrews**. In No. 4 you do finish the sentence. You only have two statistics but they, it seems to me, are of some meaning. You give a range of 35 percent to 99.1 percent of total. You finish that sentence. Forty percent of all meals served. Those are two meaningful statistics it seems to me, but none of the others are worth anything in my opinion.

Do you agree with that? Do you think these other statistics—would you read one of them and see if you can find one in either No. 1, 2, or 3 that concludes anything?

Ms. **Glavin**. I think as indications of problems that have continued over a period of years and have shown up in a number of States across the country, that they are——

Mr. **Andrews**. Please pick out one of the ones you are referring to.

Ms. **Glavin**. If we take the first one, which has to do with 33 different audits which were conducted over a period between the years 1975 and 1978, that these audits showed that there were problems concerning improperly approved applications——

Mr. **Andrews**. You didn't have to have a study to know that, did you?

Ms. **Glavin**. We didn't do a study, we just looked at some of the reports we had in hand. These are audits that are done for other purposes.

Mr. **Andrews**. But I say again, you wouldn't have to have an audit in order to know before the audit started that you are going to find some problems. When you are dealing with feeding 27 million children a day, of course there are some problems. I wouldn't think an audit would be necessary to determine that there are some problems.

And that is all the sentence says. Nearly 70 percent—I am amazed that the other 30 percent apparently revealed no problems because there are problems in every one of these schools obviously.

According to you, 30 percent of them have no problems and 70 percent have some number of problems that is not reported here.

All of these sentences are similarly, it seems to me, meaningless, except in No. 4, and that is apparently what you base the need for the AIMS program on, are these statistics, is that not right? That seems to be what your statement is essentially saying when you made these findings, that based on these findings we determined that something as stringent and difficult and as expensive as AIMS needs to be instituted and it seems to me the statistics you based your conclusion on are meaningless?

Ms. **Glavin**. Based on the existence of certain problems that continue to exist over a period of years in a number of different places, yes.

Mr. **Andrews**. Well, do you think if you institute any program, AIMS or otherwise, that you can't go back some time later and find that there would be some problems?

Ms. **Glavin**. I think we can do a great deal to improve the extent and the continued existence of those problems.

Mr. **Andrews**. You make no finding of the extent of any problem, at least not reported in your statement?

Ms. **Glavin**. That is right. No, I don't have data on the extent nationwide of the problems.

Mr. **Andrews**. You don't have data here recited as to the extent of any problem anyway.

Ms. **Glavin**. We do have data on the extent in each individual audit report.

Mr. **Andrews**. If you can get that to us, I think we could better understand what you are attempting to correct.

Ms. **Glavin**. I would be glad to.

These audits were made by the USDA Office of Inspector General (OIG). They include thrity-three State coordinated audits and a special nationwide audit of financial management in the School Nutrition Programs. In making the financial management special audit, the OIG visited twelve State agencies distributed across the country to examine fiscal practices in use by State organizations administering the programs. On the basis of their findings in these twelve States, the auditors drew conclusions about the overall condition of the financial management of our programs.

Regarding the thirty-three State coordinated audits, a State coordinated audit is total examination of a State's administration of the School Nutrition Programs. While the State educational agency is responsible for administering these programs within the State, most of the requirements governing entitlement to Federal funds under these programs are met at the local level. Therefore, the auditors not only examine operations at the State agency itself, but also select for audit a sample of schools and school districts (which our regulations refer to generically as "School Food Authorities") for which the State agency administers the programs. These School Food Authorities are visited and their program operations are examined for compliance with Federal regulations. The Inspector General issues an audit report on the State agency itself and another on each audited School Food Authority within the State. Thus, the State coordinated audit consists of the State agency audit report and a collection of School Foood Authority audit reports. The only exceptions to this auditing procedure are audits of entities that perform the duties of both State agency and School Food Authority. Examples of such entities include Puerto Rico and the District of Columbia.

Each of the thirty-three State coordinated audits cited in the AIMS preamble include audits of from three to nineteen School Food Authorities. Despite this small sample, the Inspector General reported aggregate ineligible food assistance payments of over $3 million. If the School Food Authorities covered in those audits are at all typical, then the total amount of ineligible food assistance payments nationwide is indeed quite substantial.

This becomes particularly significant when one notes that the audits in our sample are equitably distributed geographically. The sample included three of the six State agencies in the New England Region; seven out of ten in the Mid-Atlantic Region; three out of eight from the Southeast Region; four out of six in the Midwest Region; four of the five in the Southwest Region; five of the twelve in the Western Region; and seven of the ten in the Mountain Plains Region.

The audited School Food Authorities within these States ranged from large cities, such as Washington, D. C., and Philadelphia, Pennsylvania, on the one hand, to small rural school districts in Nebraska, on the other. The deficiencies disclosed by the Inspector General are nationwide deficiencies.

It should also be noted that earlier reviews conducted by FNS have noted similar problems to those identified by the Inspector General. The Management and Technical Assistance effort, carried out several years ago, identified and helped to solve problems with approval of free and reduced price meal applications and accounting for the service of meals. In addition, FNS' on-going Management Evaluations of State Agencies' program administration have identified areas of weakness in States' administration of the program which would be addressed by AIMS.

The USDA Inspector General has expressed strong concerns that disclosing and reporting the same deficiencies year after year has been an inefficient and costly use of the Department's audit resources. He has maintained that if problems reported by auditors would be corrected Statewide and nationwide, the OIG could avoid continually reporting essentially the same matters and direct its efforts to new areas needing attention. If existing management structures were capable of accomplishing this objective, the Inspector General would not be making these statements. The Inspector General has been urging FNS to develop a management system such as AIMS for some time.

Mr. **Andrews**. Excuse me, Mr. Erdahl, do you have questions?

Mr. **Erdahl**. Yes, Mr. Chairman, I would like to make a couple observations and maybe a couple questions.

Today is evidently open season day on the USDA so I want to thank Ms. Glavin for being with us and let you know I am pleased that you are here today, and also trying to get input from others.

Since we have heard some rather serious charges, and Mr. Farley is entitled to his opinion and views, one being that the USDA unloads the Nation's worst food on our children, I ask unanimous consent, Mr. Chairman, that the committee record be kept open so that Ms. Glavin or someone else in the Department would be permitted the opportunity to respond to these rather serious charges.

Without it, I fear the record will appear rather lopsided and I for one am not going to automatically reject AIMS out of hand.

It seems to me we are involved with this program of feeding schoolchildren, a program of great magnitude. We have heard about billions of dollars involved and about 27 million children being fed. There is no question we need administrative accountability, that we need performance, and financial audits.

I think that Mr. Goodling stated that well and the question is, How do we carry this out? Do we need a revision in existing Federal programs to see that this is done well in the various States?

I come from Minnesota, and I think maybe it is done rather well there. The lady from Georgia and gentleman from Pennsylvania would also say it is done well in those States, but we have 47 other States.

So I think we need national coordination, whether this be of Federal involvement or administrative control in a sense, over local or State audits, I think that is something we need.

I would ask you, Ms. Glavin, a couple questions. It has been touched on a bit by the acting Chairman Andrews here.

You mention in your statistical report about the meal pattern standards were not being met. Could you explain, make it clear to me perhaps, what you mean by meal pattern standards and some specific examples of where these standards under your findings would not have been met?

Ms. **Glavin**. Yes, sir. We have a meal pattern requirement that requires every school that participates in the program to serve on the lunch each day 2 ounces of meat or some meat alternate, which could be peanut butter, eggs or fish; a serving of bread; three quarters of a cup of two or more fruits or vegetables; and half a pint of milk.

So if, for example, one of those components was missing, say, there was no bread served that day, that meal would not meet our standards.

Another example would be if one of the components were short, if, for example, there was less than three-quarters of a cup of fruit or vegetable, that meal would not meet the meal pattern requirement.

These are preliminary results from some work that was done this past year and some of the findings are very shocking. Some of them are very minimal misses. In other words, the milk might be short several grams and that means the entire meal did not meet the standards.

Others of them are much more substantial problems, problems where the meals simply didn't have a component or one of the components was substantially short on many of the meals, so there is a real variety of what is included in those figures.

Mr. ERDAHL. Mr. Chairman, I have another question.

What about the concern we have had expressed here today that some of the USDA food is way below standard? Maybe this isn't the area in which you specifically work, but do you get other charges or allegations of that nature?

Ms. GLAVIN. Obviously, in a program that provides food to the extent that we do, we get complaints, yes, and we are very sensitive to those complaints where either foods do not come up to the specifications that we imposed when we bought them or foods are not the things that schools want for a particular reason, or in the wrong size pack, and we have been trying very hard to be responsive to those concerns and to adjust to them.

The kinds of concerns that Mr. Farley raised, no, we don't get that kind of concern very often, concern that none of the food is good at all, that it is just so bad that it is unusable.

Mr. ERDAHL. I think also for the record we should say that Ms. Glavin has given good evidence by her performance here today, of both competency and emotional stability.

Ms. GLAVIN. Thank you.

Mr. ERDAHL. Mr. Vann, when I asked a question I see that you were seeming to want to answer and, Mr. Chairman, if I could ask Mr. Vann for a response to the question I asked about experience you might have had with food you feel either was substandard quality or the type of food kids are not interested in eating.

I am sorry I missed your testimony, but I will review it here.

Mr. VANN. I think one of the problems that has been a perennial one with the Government-donated food program is that the State agencies are not able to tell schools specifically when food will arrive, and that there is the problem of making decisions regarding purchasing of their own local foods and then receiving Government-donated commodities.

The difference between a shipping period system and a delivery date system is one which has been proposed to the U.S. Department of Agriculture many times in the past.

The argument that I have heard for years is that it is not practical or feasible to determine exactly when food should arrive. However, it is appropriate to determine that it should be shipped during a particular 2-week period.

The records that I have seen in our State indicate that when food is not shipped during that 2-week period, stringent sanctions are not imposed on the suppliers of those foods on a regular, recurring basis, and therefore ignoring the system is a rather common occurrence in my opinion.

This has in some cases caused problems with food that has been frozen too long or in transit too long and therefore contributes to the quality of some of the food that is received.

In the main, in Pennsylvania we have not found massive food quality problems and the general acceptability of the selection of the foods is fairly high. However, in school districts like the Philadelphia school district, difficult problems do exist where they receive almost a million dollars worth of Government-donated food each year, if not more, more than a million.

Mr. **Erdahl**. Thank you very much, Mr. Vann, and thank you, Mr. Chairman. I would hope that the rather candid and provocative testimony that we have heard today will be useful in our deliberations in trying to make a good program even better.

Thank you very much.

Mr. **Andrews**. Thank you, Mr. Erdahl.

I might just in closing offer a word, if I may, of sympathy or empathy for all of you. I know a little, very little, but a little bit about the food service business, and I think it is, I believe, the last business on Earth I would want to be in. It is an extremely difficult business, a matter of not knowing exactly how many you are feeding, when food will arrive, and all of that to some extent is inevitable.

So there are problems such as you recite in your testimony rather innocuously about the problems in the schools or the lunchroom, and I am sure that is true and I am sure there are problems in some degree of ineptitude in the performance of the work here in the Department of Agriculture food service system as well.

It is very complex and I feel sorry for all of you, and certainly it is the duty and desire of this committee and of the Congress to be of assistance rather than to make things more difficult, and to not only criticize maybe whatever the degree of problems may be, but to compliment you on certainly a lot of the good work that is done.

I think Ms. Glavin, that Mr. Dickey stated a statistic far more meaningful than any you cite in terms of indicating the need that all of us need to examine as to whether and how we might improve this.

According to your figures, Mr. Dickey, as I converted them into percentages, about 10 years ago about 10 percent of the meals that were furnished in the public schools were furnished free or at reduced prices. You say that is 2 to 2½ million and some 19 million, about 10 percent. In other words, about 90 percent of the students 10 years ago, I presume, were paying full price for their meals.

You cite on the following page that today some 13 of some 27 million, almost 50 percent of the meals that are served are either free or at reduced rates. In other words, slightly more than 50 percent of the students are paying for the meals at a reduced price whereas it was 10 percent.

I think we all know that the economy has not gone downhill within this 10 years to that extent. There obviously is out there a change of attitude. Somehow or other the students, the parents, the system, somehow is not causing as many of the children to pay for those meals as I believe should be paying for them.

That to me, Ms. Glavin, is a statistic that you don't recite that supports perhaps that something needs to be done more than the statistics in fact you do recite. That is rather alarming and I think that should tell us all, if nothing else does, that at some level here more consideration should be given as to how many of our students in fact, by reason of family income, and numbers within the family, et cetera, how many of these over 50 percent of the children who are not paying full price should in fact be.

I think that alone might alleviate a lot of the financial problems you find both at USDA and at your respective levels.

Well, that is the first vote. We are lucky. I don't recall for a long time when we have had 1½ hours of time when Congress was in session without being interrupted by votes. We do have one on now and this is an appropriate time to adjourn.

Again, we thank all of you and again congratulate you and ask you to keep working wherever you are to improve the school lunch, a very necessary, important program, as much as you can, and we look forward to working with you in that effort.

Thank you very much.

We stand adjourned.

[Whereupon, at 12:20 p.m. the subcommittee adjourned.]

[Additional information submitted for the record follows:]

State of Georgia,
Department of Education,
Atlanta, Ga., December 13, 1979.

Hon. Carl D. Perkins,
U.S. House of Representatives,
Washington, D.C.

Dear Representative Perkins: I appreciated the opportunity for presenting the views of the Georgia Department of Education on the USDA's proposal for AIMS.

The statement given by Mrs. Maggie Glavin indicated that 35 percent to 99.1 percent of the meals sampled in five school districts failed to meet meal pattern standards. I would be grateful to have the following information submitted as a part of the record.

The preamble to the proposed regulations, prepared by USDA (FNS) indicates (page 13, AIMS):

OIG audits and studies have shown that failure to comply fully with existing meal pattern requirements is a major problem which impacts heavily on the ability of the programs to meet their ultimate goal. In another study, OIG conducted statistical samples of the National School Lunch Program in randomly selected school districts in the New England Region to determine whether the school districts were serving meals which met the school lunch meal pattern standands and which meals, consequently, were eligible for federal reimbursement.

The selected school districts had food services which were either operated by food service management companies or were provided meals or portions thereof by vendors.

Since the information cited referred to meals prepared by vendors or food management companies, and no data was presented on meal adequacy where meals were prepared on-site, it appears that the rationale for USDA's proposal needs questioning. I believe that our review efforts must include nutrition review. I am concerned, however, with conclusions based on limited samples.

Sincerely,

Josephine Martin,
Director, Local Systems Support Division.

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